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ABSTRACT

The complete text of the U.S. Senate bill 969 hearings is presented in four volumes. Parts 1 and 2 cover the first day of the hearings; parts 3 and 4 cover the second day. (S. 969 would extend the maximum entitlement of educational assistance benefits for eligible Vietnam era veterans from 36 to 45 months. The bill restricts this extension to undergraduates. At issue is the removal of this restriction to extend the maximum entitlement for use in obtaining a graduate degree.) Part 1 contains the text of S. 969 as referred to the Committee on Veteran's Affairs; introductory statements; agency reports of the Veterans' Administration, the Office of Management and Budget, and Veterans' Administration transmittal letters; related bills S. 817, S. 836, S. 1371, S. 1805, S. 2100, S. 2365, S. 2487, S. 2789, S. 2995, S. 3225; and H.R. 9576. Miscellaneous communications and reports concerning the GI bill and related matters are included. (TA)

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ED138802

VETERANS' EDUCATION AND EMPLOYMENT ASSISTANCE ACT OF 1976

HEARINGS

BEFORE THE

SUBCOMMITTEE ON

READJUSTMENT, EDUCATION, AND EMPLOYMENT

OF THE

COMMITTEE ON VETERANS' AFFAIRS

UNITED STATES SENATE

NINETY-FOURTH CONGRESS

FIRST SESSION

ON

S. 969 and Related Bills

OCTOBER 1 AND 2, 1975

PART 1

Printed for the use of the Committee on Veterans' Affairs

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VETERANS' EDUCATION AND EMPLOYMENT ASSISTANCE ACT OF 1976

WEDNESDAY, OCTOBER 1, 1975

U.S. Senate,
Subcommittee on Readjustment, Education, and
Employment of the Committee on Veterans' Affairs,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m., in room 457, Russell Office Building, Hon. Vance Hartke (chairman of the Subcommittee on Readjustment, Education, and Employment), presiding.

Present: Chairman Vance Hartke, presiding, and Senators Strom Thurmond and Robert T. Stafford.

Also present: Frank J. Brizzi, staff director and Guy H. McMichael III, general counsel.

OPENING STATEMENT OF HON. VANCE HARTKE, CHAIRMAN OF THE SUBCOMMITTEE ON READJUSTMENT, EDUCATION, AND EMPLOYMENT OF THE COMMITTEE ON VETERANS' AFFAIRS

Chairman Hartke. Good morning everyone. The hearing will come to order.

This morning, the Subcommittee on Readjustment, Education, and Employment of the Committee on Veterans' Affairs again examines our GI bill program to see how it is functioning and how it may be improved. The readjustment problems of Vietnam era veterans have been a prime concern to this Committee since it was formed in 1971.

When I assumed chairmanship of this Committee, benefit levels for Vietnam era veterans were at the wholly inadequate level of $175 per month. At that time, the 28 percent participation rate of Vietnam era veterans as compared to a 50 percent World War II participation rate and the rate of 43 percent for the Korean conflict was graphic evidence that the Vietnam GI bill was not accomplishing what other GI bills had so successfully done in previous years.

Our hearings established the need for additional legislation. Amendments and long fought battles in subsequent years led to legislation both in 1972 and 1974 which have dramatically influenced the use of and participation in this program. This year, for example, it is estimated that 3,300,000 veterans will train under the GI bill and receive benefits in excess of $6 billion. Vietnam era veterans have now participated in the program at a rate of 60 percent; a rate which is greater than either the World War II or Korean conflict program which preceded it.

These are accomplishments of which I think the Committee and Congress should have justifiable pride. By and large, I believe the GI bill program is one program that can be said to work. GI bill benefits are not just an expenditure, they are an investment.

First, they are an investment in the future of our young men and women whose lives are enriched as a result of it. Second, they are an investment in the future of America. Finally, GI bill benefits are an investment in a traditional sense also, because it is conservatively estimated that for every dollar spent under the GI bill program, the Federal Treasury has received back $3 to $6 in additional tax revenues resulting from higher incomes of veterans. Because of the importance of this program and because it has produced so much in the way of worthwhile benefits for its citizens and the country as a whole, I believe that we must carefully examine any proposals which would terminate or severely restrict the program.

At the same time, it is evident that any program of the size and magnitude of the GI bill will produce problems and will not always work in the ways in which intended. It is the function of this Committee today to examine the operation of that program and to see how problems that exist can be corrected.

Finally, it is our function to consider further adjustments which will make the program even a better one than it is now.

We are also pleased to have with us Senator Thurmond who is the senior ranking minority member of the Committee on Armed Services and a devoted friend of the veteran. Senator Thurmond, do you have an introductory statement?

Senator THURMOND. Thank you, Mr. Chairman.

Mr. Chairman, first I would like to welcome the appointment of our colleague, Senator Durkin, to the Committee on Veterans' Affairs, and this subcommittee. I am certain he will find this Committee assignment challenging and personally rewarding.

This morning I am approaching the question of terminating the GI bill education program with an open mind. I am aware of the arguments which have been raised on both sides of the issue, but I am hopeful the testimony we receive today and tomorrow will draw these issues into clearer focus.

Equally important to the broad question of termination, however, is the charge we have to oversee the effective implementation of the laws we have passed. Specifically, I am referring to the implementation of the GI bill amendments of 1974, Public Law 93-508.

Several months ago when news stories broke about educational overpayments, I was concerned that such practices, particularly on a large scale, would discredit the veterans education program and overshadow the good which it has accomplished.

Fortunately, the VA's response has been swift and forthright. I particularly want to commend the Administrator, Mr. Roudebush; the Chief Benefits Director, Mr. Wilson; and the Education Director, Mr. Thornton.

On the same note, I want to commend them for seeking to keep a balance in not yielding on the VA's pledge to provide prompt, effective delivery of subsistence checks to student beneficiaries.

As a member of this Committee, I want to offer them my support in continuing to work to maintain that balance of providing an effective delivery system together with a protection of the taxpayer's money. This is not to suggest the problem has been solved. It is to suggest, however, that we are willing to work with them.

Briefly, there is another subject which I hope we can address in these hearings. That subject is the bureaucratic redtape which has proliferated in every agency of the Government, including the Veterans' Administration.

While I recognize the need for protecting the integrity of the taxpayer's money against unethical or illegal practices, I am also aware that we can cut out some of the paperwork involved in delivering Government services to the people.

Recently I read in one of the weekly news magazines that there are over 5,000 Government approved forms, and that the regulatory function costs the taxpayer over $130 billion per year. I am sure the VA contributes greatly to Government redtape.

The VA is a people-oriented agency, and I hate to see the people who are supposed to be served by the programs, turned off by intricate, complex regulations, paperwork, and redtape.

I am particularly interested in learning the VA's views on the paperwork involved in the loan program authorized by Public Law 93-508, and the 50-percent placement requirement authorized by the same law.

Mr. Chairman, I am hopeful the VA can address some of these issues. They are on the minds of people.

Mr. Chairman, I look forward to hearing Mr. Wilson. He has rendered distinguished service in the VA, and I am sure his testimony will be helpful to us.

Chairman HARTKE. Thank you, Senator Thurmond.

With us this morning is Senator Stafford who is also a good friend of the veteran. Senator Stafford, do you have an introductory statement?

Senator STAFFORD. Yes, I do.

Mr. Chairman, the hearings which we are commencing this morning are of great significance, not only to student-veteran beneficiaries, but to potential beneficiaries, and to the taxpayers as well.

There are a number of areas which I hope the subcommittee will examine in depth during the next 2 days.

I. GI BILL TERMINATION

First, the primary issue before us is the need to continue the current education program.

On the one hand, it requires an annual expenditure in excess of $4 billion. In the past, until the enactment of the current program, GI bill education benefits were made available only to men who had served during time of war or draft. The war in Southeast Asia is now over. We no longer draft soldiers into the military. Rather, we have created an All-Volunteer military, incentive programs supported by comparable pay and other fringe benefits make military service attractive as a vocational alternative.

On the other hand, I am aware that the GI bill plays an important part in the recruiting program of the military. Furthermore, I am aware of the tremendous social impact GI bill education training has had on vocational, technical, and higher education.

This Committee, therefore, is charged with the delicate task of balancing the considerations for continuing or discontinuing GI bill eligibility. After hearing the witnesses, we must make recommendations we believe to be in the best public interest.

II. OVERSIGHT

Second, during the next 2 days, the subcommittee will be conducting an oversight of the VA education programs. Three areas concern me most. I am concerned that adequate safeguards should be employed to prevent blatant benefit overpayments, that the VA employ an adequate and just mechanism to recoup any overpayments, and finally, I want to be sure that the VA is maintaining a delivery system in order to get education benefit checks to the student-veteran on time.

III. EXTENDED ENTITLEMENT

Mr. Chairman, I am a cosponsor of the bill, S. 969, which would extend the maximum entitlement for use in obtaining a graduate degree. This is the third broad area of my concern. I am hopeful the Committee can correct any inequities which the legislative language may have caused.

Mr. Chairman, the agenda before us is a full one this morning. I am hopeful that the witnesses will address themselves to some of the issues which I have mentioned, and that the subcommittee can go into these issues in some detail.

Additionally, Mr. Chairman, I have requested and received from them statements on the GI program, and I would ask unanimous consent their statements be made a part of this record.

Chairman HARTKE. Without objection, that will be done.

Senator STAFFORD. I asked some Vermont veterans or their feeling about the GI education program, and I would like to have their responses printed in the record so that everyone may have the benefit of their views on this program.

[The previously mentioned statements addressed to Senator Stafford follow:]

STOWE, VT., *September 23, 1975.*

MR. ROBERT T. STAFFORD,
U.S. Senator, Washington, D.C.

DEAR SENATOR STAFFORD: In regards your recent letter dated 9/19/75 I would like to express my desire to see the removal of the undergraduate restrictions placed on the recent enactment of a nine month eligibility extension for Vietnam era veterans.

I am a veteran enrolled in graduate studies at Johnson State College and my feeling is that this restriction is inconsistent with the policy of providing educational benefits to veterans.

You have my support.

Sincerely,

Daniel J. Batchelder.

Project To Advance Veterans' Education,
Johnson State College,
Johnson, Vt., September 25, 1975.

Senator Robert T. Stafford,
5219 Senate Office Building, Washington, D.C.

Dear Senator Stafford: Thank you for your letter of September 19, 1975. I would like to respond to the two issues at hand.

I think the undergraduate restriction should be removed from the recent nine month eligibility extension for Vietnam era veterans. It seems like a short sighted, quasi-economic step that (in effect) precludes many veterans from receiving the financial support they need to attain professional status in their fields through the *basic requirement* of graduate study. Successful veteran graduate students are likely to reach higher income levels, and we both understand the long term taxation ramifications of that. Aside from economic considerations, veterans in professional positions, or with advanced degrees, could constitute a welcome influx into positions of leadership in public and private lines of work.

On the issue of terminating the Vietnam era, relating to G.I. educational benefits, I think the chance of self improvement implicit in the conception of the bill for G.I. educational benefits is little enough reward, or compensation if you will, for the time spent by a young person in military service.

Again, I appreciate the opportunity to respond to the above issues. The views expressed are my own and do not officially represent those of veterans at Johnson State College. I suspect however, that if asked, most if not all Johnson State veterans would respond in a like manner.

Your efforts on behalf of all veterans do not go unnoticed, and are greatly appreciated.

Sincerely,

Jeffrey P. Reeder,
Site Coordinator,
Office of Veterans' Affairs/P.A.V.E.

South Royalton, Vt.

Senator Robert T. Stafford,
5219 Senate Office Building, U.S. Senate, Washington, D.C.

Dear Senator Stafford: I am writing in reference to the Veterans' Affairs Committee hearing scheduled for October 1st and 2nd in the Senate. I address myself specifically to the removal of the undergraduate restrictions placed on the recent enactment of a nine month eligibility extension for Vietnam era veterans.

As a student at Vermont Law School, my certification under the G.I. Bill terminated early in my first year. Since that time, it has become increasingly difficult to cope with the financial demands placed upon a student wishing to practice law. It would seem to me that if the Congress had in its wisdom decided to increase the eligibility period for the undergraduate veterans, then by all equitable standards, it should have done the same for those veterans who have already completed their undergraduate work.

Ironically, an individual who joins the service tomorrow without any possibility of Vietnam combat service will receive benefits that are denied to the veteran, like myself, who served honorably in the infantry service. It is difficult to understand the rationale behind the Congressional policy set last October.

I do feel strongly that this inequity should be set straight by altering the undergraduate limitation. Senator Cranston's Bill should be heartily supported, and my thanks will go to you, sir, for lending your wisdom to the legislation.

I can assure you that the other fifty or so veterans at the Vermont Law School support this legislation, and I hope that they will convey their feelings to you on the matter.

I do wish to extend my thanks to you for your support on the October 1974 legislation. In a time when Americans are disposed to forget that highly contested war, it is comforting to know that the lawmaking body of this nation has not forgotten the veterans who risked their lives in Vietnam.

Very truly yours,

THOMAS DONNELLAN.

SEPTEMBER 26, 1975.

SENATOR STAFFORD: As a Vietnam Era Veteran and second year student at Vermont Law School, I am keenly interested in the providing of extended and upgraded veterans benefits in general.

On a specific level, I heartily endorse, and urge you sir to wield whatever formidable influence you can muster to make the possibility of extended benefits for graduate as well as undergraduate students a reality.

Wishing you good luck,

BILL SARRIS, *Class of '77 VLS.*

SOUTH ROYALTON, VT., *September 26, 1975.*

Senator ROBERT STAFFORD,
5219 Senate Office Building,
U.S. Senate, Washington, D.C.

DEAR SENATOR: This letter is in reference to the G.I. Bill and the proposed amendments. I am presently attending Vermont Law School. The tuition for a mandatory Summer session in 1974 was $600.00 and the regular tuition for the remainder of first year studies was $2,100.00. Rent was $180.00 per month which included heat and electricity. My average expenditure for food was approximately $100.00 per month. Books and supplies for the year totaled about $400.00. Fortunately, my residence is close to Vermont Law School so transportation costs were negligible. The above figures do not include incidentals such as newspapers, entertainment, and other common living expenses. The total for these expenses, the bare necessities, was about $6,375.00, as indicated on the separate sheet which I have enclosed.

This school year (1975-76), my tuition was $2,400.00. My wife has been fortunate enough to be accepted to Vermont Law School and her tuition was $400.00 for the mandatory Summer session and $2,400.00 for the remainder of the year. Without even calculating our other living expenses, it should be obvious that financial considerations have made it down right difficult for both of us to achieve our educational and occupational goals. Fortunately, our parents have been kind enough, and generous enough to advance us the needed finances. However, my wife and I consider this aid to be like a long term loan to be repaid in the future. We seek to be financially independent and are determined to do so, but we are prevented from this goal for the present.

Last year's amendment to the G. I. Bill would be helpful if it was applicable to graduate studies as well as to five years of undergraduate work. Ideally, the Bill would have provided for educational funds for 4 years and up to 3 years of graduate studies. What happens to Veterans who have the desire and capability to attain high educational goals in the fields of medicine, law, graduate engineering, economics, sociology, etc.

Part of what is assumed to be the American reality is that any person can attain what he is capable of achieving. There are to be no bounds. We have been taught that it's only in countries such as Russia that the individual is limited, but, even there only limited by his aptitudes and intelligence; the state promoting and supporting those with the capabilities to pursue scientific, economic, and other goals.

But now we, in America are limited—not necessarily by aptitudes, but by simple economics, as may be evidenced by my particular situation. And I am not the only one in this situation. There are a number of Veterans at Vermont Law School who are faced with the same problems and some with problems more severe. And I'm sure there are many others in other Law Schools, Medical Schools, Graduate Schools, etc. faced with similar problems. There is probably an equal, if not greater number of Veterans not in those schools, though they have the desire to be there and would be, but for the limitation imposed on them by the economic situation.

I am not proposing to speak for all these Veterans, nor for the ones I personally know at Vermont Law School. I am just offering my experience and common sense as evidence of the need for extended Veterans Educational Benefits.

I'm sure that you are more familiar than I with the G.I. Bills created for the Veterans of the past wars. To the best of my knowledge, these were designed to really take care of the Veteran, and see that he, in the very least, was not limited in his pursuits by economics. His only limitation could be his own desire or aptitude. The Veterans of the Viet Nam Era deserve the same.

You also certainly have access to more statistical information regarding this situation than I do. The statistics that have come to my attention all point in the direction that today's Veteran is being denied, for lack of a better word.

I propose, through you, that the G.I. Bill be extended to give the Viet Nam Era Veterans an additional three (3) years of benefits which they could use to achieve their ultimate capabilities. This is imperative if the American reality is to exist and endure, and not be debased to the American illusion.

Such an extension would not be inflationary for the Veteran using this opportunity, in the land of opportunity would pour it directly and immediately back into the economy out of sheer necessity. President Ford's tax rebate proposal was intended to achieve this goal. But don't you feel that this is even a more honorable and effective, even though limited, way to stimulate our economy?

In rereading this letter, the tone of it appears to be critical. It is certainly not addressed at you. I know that you have been a champion of Veterans' rights and benefits, and I commend you most highly for that. In fact, this letter should have been addressed to other Congressmen and Senators who for one reason or another oppose such measures. Even better I'll send a copy to President Ford and Vice-President Rockefeller.

Though my time is very limited by my studies, I am open to any suggestions you may have for any action on my part that could help in this matter. E.g.—more letters relating difficulties by other students, etc.

Sincerely yours,

FREDERICK A. PARTYKA, Jr.

Enclosure.

1974 Mandatory summer session	$600
1974–75 Tuition	2,100
1974–75 Student Bar Association fee	15
1974–75 Rent at $180 per month for 12 months	2,160
1974–75 Food at $100 per month for 11 months	1,100
1974–75 Books and supplies	400
Total	6,375
1975–76 Tuition—Frederick A. Partyka	2,400
1975–76 Mandatory summer session—Karen A. Partyka	400
1975–76 Tuition—Karen A. Partyka	2,400
1976–77 Tuition—Frederick A. Partyka	3,000
1976–77 Tuition—Karen A. Partyka	3,000

Chairman HARTKE. Thank you, Senator Stafford.

I look forward to the testimony of our witnesses today.

At this point, I ask that the various bills, reports, related statements and other pertinent material be inserted in the record.

[The documents referred to follow:]

94th CONGRESS
1st Session

S. 969

IN THE SENATE OF THE UNITED STATES

March 5, 1975

Mr. Hartke (for himself, Mr. Cranston, Mr. Talmadge, Mr. Randolph, Mr. Stone, Mr. Stafford, Mr. Bayh, Mr. Beall, Mr. Case, Mr. Clark, Mr. Dole, Mr. Gary W. Hart, Mr. Philip A. Hart, Mr. Hatfield, Mr. Humphrey, Mr. Inouye, Mr. Javits, Mr. Mathias, Mr. McGovern, Mr. Moss, Mr. Ribicoff, Mr. Schweiker, Mr. Hugh Scott, and Mr. Williams) introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

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A BILL

To amend chapter 34 of title 38, United States Code, to extend the basic educational assistance eligibility for veterans under chapter 34 and for certain dependents under chapter 35 from thirty-six to forty-five months.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subsection (a) of section 1661 of title 38, United States Code, is amended by striking out in the second sentence all after "period of" the second time it appears and inserting in lieu thereof "45 months (or the equivalent thereof in part-time educational assistance).".

II

(b) Subsection (c) of such section is amended to read as follows:

"(c) Except as provided in subsection (b) and in subchapters V and VI of this chapter, no eligible veteran shall receive educational assistance under this chapter in excess of 45 months.".

Sec. 2. Subsection (a) of section 1711 of title 38, United States Code, is amended by striking out "thirty-six" and inserting in lieu thereof "45".

[From the Congressional Record—Senate, Mar. 5, 1975]

S. 969.—A BILL TO AMEND CHAPTER 34 OF TITLE 38, UNITED STATES CODE, TO EXTEND THE BASIC EDUCATIONAL ASSISTANCE ELIGIBILITY FOR VETERANS UNDER CHAPTER 34 AND FOR CERTAIN DEPENDENTS UNDER CHAPTER 35 FROM 36 TO 45 MONTHS

Mr. HARTKE. Mr. President, on behalf of the members of the Committee on Veterans' Affairs, which I am privileged to chair, together with other Senate colleagues, I introduce today a bill to provide for an unrestricted extension of basic eligibility for GI bill educational assistance benefits from 36 to 45 months. This is an obvious piece of "unfinished business" from our efforts during the past 4 years to significantly improve educational benefits for Vietnam veterans. Hopefully we will be able to proceed quickly to successful enactment of this legislation so that we can insure the continuity of eligibility for most veterans currently in training.

I am pleased to be joined in this measure by fellow committee member, the senior Senator from California (Mr. Cranston) who has shown a continued keen interest in the unrestricted extension of an additional school year of entitlement during the past year. Other committee members joining me in introduction of this measure are the Senator from Georgia, (Mr. Talmadge), the Senator from West Virginia (Mr. Randolph), the Senator from Florida (Mr. Stone) and the Senator from Vermont (Mr. Stafford).

I am also pleased that I am joined in cosponsorship of this measure by my esteemed colleague from Indiana (Mr. Bayh) and by Mr. Beall, Mr. Case, Mr. Clark, Mr. Dole, Mr. Gary Hart, Mr. Philip Hart, Mr. Hatfield, Mr. Humphrey, Mr. Inouye, Mr. Javits, Mr. Mathias, Mr. McGovern, Mr. Moss, Mr. Ribicoff, Mr. Schweiker, Mr. Hugh Scott, and Mr. Williams.

Mr. President, while I believe the merits of this measure are obvious, it would be worthwhile to examine the history of this proposal that is before you today. During extensive hearings on readjustment assistance benefits for Vietnam-era veterans held by the Subcommittee on Readjustment, Education and Employment of the Committee on Veterans' Affairs, which I am also privileged to chair, we received extensive testimony urging that the then maximum entitlement of 36 months be extended.

Proponents of this extension, noting that the World War II veterans could have received up to a maximum of 48 months entitlement argued for additional eligibility and repeatedly testified as to the difficulties of many veterans in obtaining an undergraduate degree in 36 months, that in 4 standard college years of 9 months each. A survey by the National Association of Concerned Veterans—formerly the National Association of Collegiate Veterans, of selected States indicated that large numbers of veterans were not able to obtain an undergraduate degree in the standard 36 months of entitlement. They noted that the higher price of education, the loss of credits involved in transferring from one institution to another, and the lack of adequate benefits in the GI bill heretofore, had all combined to make it very likely that many Vietnam era veterans would not be able to complete baccalaureate degree requirements within 4 school years.

The relatively low level of benefits caused many veterans to devote excessive hours to earn money to supplement their monthly benefit checks in their attempt to obtain an education under the GI bill. NAVC pointed out in its testimony that 12 credit hours per semester added up to 96 credit hours after 4 school years, or 24 credit hours short of 120 required for graduation. Under the quarter system, four years minimum requirement accumulated 144 credit hours or 36 short of the 180 necessary for graduation.

Supportive data on the difficulty in obtaining degrees in 36 months was also submitted by representatives of the American Association of Community and Junior Colleges, who testified that most veterans average only 12 hours for a semester.

Surveys of veterans attending California University at Fullerton, and the University of California at Irvine found that in crowded public institutions where most veterans turn for education, it is often extremely difficult to gain admission in the courses required for graduation and that it took large numbers of veterans an average of 5 years to complete their degree. Given this background these arguments were most persuasive to committee members and in adopting an additional 9 months of eligibility the committee noted in its report accompanying my bill, S. 2784, that—

"Extension of entitlement must be provided to insure that veterans—taking reduced credit loans, forced to work and facing technical and administrative bottlenecks—will be able to complete their undergraduate degrees."

At the same time, the committee noted that since the adoption of the first GI bill over 30 years ago, the American work force had changed radically. Considering the exclusiveness of higher education after World War II, the GI bill then was very much of a bonus but 30 years later it was very much of a necessity. Noting that a major aspect of readjustment assistance is to make a veteran economically competitive, the committee report also noted that in 1950, 7.1 percent of those in the 25 to 29 age bracket in the Nation had baccalaureate degrees, while in the 1973, 19 percent had undergraduate degree in the same age bracket. The committee report also acknowledged that NACV had testified that—

"The employment market today requires that, in many instances, the applicant to attain a higher than bachelor's level degree in order to compete with others. It is possible for an individual to graduate from college and enter the employment market and not even qualify to fill out an employment form, much less compete for a job."

The committee report further noted a recent report by the Carnegie Institution of Higher Education, which pointed out that educational requirements imposed by employers and State licensing agencies and professional certification boards demand increasing periods of higher education.

Thus, in providing for an additional 9 months of educational entitlement, it is clear that the Senate committee was recognizing a dual purpose: first, to allow veterans having difficulties obtaining an undergraduate degree sufficient time to do so; and second, to allow other veterans to make maximum use of additional schooling to meet the increasing educational requirements of society.

The 9-month additional unrestricted entitlement in S. 2784 unanimously passed the Senate by a vote of 91 to 0 on June 19, 1974. The Senate then returned to the House, H.R. 12628, with the text of the Senate-passed S. 2784. Following rigorous discussion and negotiation, all Senate and House conferees agreed to a version of H.R. 12628, which included an additional 9 months of eligibility without restriction. On August 21, the full Senate unanimously agreed to that conference report. On the following day, August 22, however, the House did not consider the conference report following a successful parliamentary point of order raised against its consideration. The House then quickly amended H.R. 12628, which amendments did not include any extension of eligibility. Following this action, a second conference was requested and negotiations began anew. Without reciting in detail all those negotiations, it should be noted that they took place in the context of very strong objections voiced by the executive branch to the extension of any additional entitlement at all. Committee members were diligently seeking a way for compromise that would enable the bill to be approved by the Nation's new President. In this context, the House and Senate conferees unanimously, though not without very serious misgivings on the part of many, agreed to restrict the additional entitlement of up to 9 months to those attempting to complete their undergraduate education. Ironically, this and other conciliatory gestures by Congress were rebuffed by the President who promptly vetoed the measure prompted in my opinion either by bad advice or a misunderstanding of the intent and effect of the measure before him. The compromise having been rejected, congressional misgivings of restricting the expanded eligibility soon proved to be all too well founded. Protests by veterans were unanimous. And, if there was any question then, there is none now, that the restricted eligibility has proven difficult to implement, is inequitable in operation, and contrary to the basis underlying objectives of the program.

I joined in sponsoring separate legislation to remove this restriction with Senator CRANSTON, in S. 4139, but it was not possible to complete action on this measure prior to adjournment of the 93d Congress. Mr. President, as I have mentioned, this restricted 9 months of eligibility is proving to be difficult to implement. Whether one qualifies for the additional benefit turns on technicalities that often seem absurd. For example, a person enrolled in a standard 5-year undergraduate program, such as pharmacy or engineering, may qualify for benefits. But then again he may not qualify for benefits if he was entitled to a bachelor's degree at the end of 4 years. These arguments which rival those computing the number of angels on the head of a pin are both time consuming and unworthy of a Government program designed to aid veterans who served their Nation honorably. Further, the restriction limiting additional entitlement to undergraduate education may have the unintended effect of discouraging rapid and efficient progress by a veteran to his or her ultimate educational objective. Veterans may be encouraged to stretch out their undergraduate career rather than make maximum efficient use of their benefits.

Mr. President, this restriction is also unprecedented. Never in the history of the GI bill readjustment assistance programs, beginning with the World War II GI bill—which provided for up to 48 months of unrestricted entitlement in certain cases—and including both the Korean conflict GI bill and the present program, has any stipulation been imposed on the level of training, undergraduate or graduate, for which the GI educational assistance may be used. The limited 9-month extension thus, in effect, provides unequal benefits for equal service. Veterans who have pursued the same military obligation may receive unequal education benefits. Thus, those students who have completed undergraduate work and are pursuing graduate training or additional education, do not qualify for the additional entitlement. The additional burden demanded by employers, State licensing agencies, and professional certification boards must then be borne by the student veteran. With veteran employment rates for younger veterans running close to 20 percent, educational benefits under the GI bill program, must assist and not detract motivated veterans seeking greater opportunity through disciplines that previously required less training. Teachers, business persons, lawyers, doctors, dentists, veterinarians, are a few of the professions that generally require advanced degrees.

The Carnegie Commission on Higher Education and others have pointed out that educational requirements imposed by employers, State licensing agencies, and professional certification boards demand increasing periods of higher education. What a bachelors degree would qualify a veteran for in 1948 or even 1955 in term of salary, job opportunities, and responsibilities, may very well require a masters or other advanced degree in the 1970's. As I have mentioned many times before, such additional education should be viewed as an investment in the country not only in the young veterans that have served it but also in the future of the country itself. Increased education though the GI bill has invariably meant increased tax revenues as well as a better educated populace contributing to the welfare and development of our Nation. Based upon last year's estimate, the cost of this provision will be approximately $29 million. However, it should be noted that those estimates were based upon caseloads which are now undergoing revision and the costs may be higher ranging up to $77 million. Mr. President, I am sure that I am not alone when I say that the restriction of eligibility has produced an unprecedented amount of mail from veterans throughout the country. I believe their letters eloquently stress why we should enact this legislation and I ask unanimous consent that excerpts from various letters be placed in the RECORD at this point.

There being no objection, the excerpts and letters were ordered to be printed in the RECORD, as follows:

"My undergraduate education was completed prior to my military service. I have exhausted the 36-month limitation of benefits. I can not see why the additional 9 months of benefits should be limited to only those veterans working toward their undergraduate degree.—Veteran, Bloomington, Ill."

"The idea of extending the amount of time for attendance at any institution to forty-five months is great, if you want to waste time and spend it as an undergraduate. . . . I hope to become as highly qualified and well versed in my chosen field of study and not to become a Jack of all trades but master of none. . . . Why not have the best qualified people you can get?—Veteran, Portland, Oreg."

"Consider, please, the consequences of the current restrictions on the nine month extension. If I was advising a veteran on utilizing his benefits, I would tell him that if he wished to pursue vocational training, or to receive a Bell and Howell color television kit, or to take flying lessons and in addition seek a college degree, then he should attend college last because he can receive more entitlement, nine months of entitlement. Sir, is this fair, right or equitable?—Veteran, Waco, Tex."

"DEAR SENATOR HARTKE: I am a four-year veteran of the Vietnam era and a first-year evening student at the University of Connecticut School of Law. During the day I earn enough money to support my wife and son; only my veterans' benefits permit me to attend law school, and these have only a few more months to run.

"I come from a poor family, and I have had to finance my own education from beginning to end. It took me ten years to complete my undergraduate studies, and I can measure the cost in my own sweat. . . . I ask your help, not only for myself and my family, but for the thousands of other veterans who, like me, would seek professional education beyond the undergraduate level—Veteran Hartford, Conn."

"Thank you for your support of legislation which provides for increased GI benefits. I find however, that the nine-month extension has failed to help myself and many other students as most are able to complete their bachelors degree in thirty-six months. Too often many prolong their graduation date in order to obtain the extra money. In many cases, students can receive a bachelors and masters degree on the same day.

"I graduated with a bachelors degree in technology which proved insufficient in my profession and am currently pursuing a second bachelors degree in electrical engineering but I am ineligible—for the additional benefits—Veteran, Provo, Utah."

"That graduate students are excluded is patently unfair. That I spent eighteen months as a line officer with a combat unit apparently means nothing. I must respectfully insist that graduate students be treated fairly. . . . There is no equitable distinction between graduate students and undergraduates. We both have tuition bills to pay. I urge you to please act now—Veteran, Syracuse, N.Y."

"I am seeking information on . . . that part of the act which extends the maximum entitlement of educational assistance benefits for eligible veterans from 36 to 45 months, which can only be used for *undergraduate work*. This really puts a stranglehold on a veteran who intends to complete graduate school. In essence, those of us with families, must not even think of continuing in school past the common four year degree—Veteran, F.S.U. Veterans Club, Tallahassee, Fla."

"The key word is 'undergraduate.' This seems to be inequitable. It discriminates against those of us who struggled to finish our undergraduate programs in the previously allowed 36 months and with, what was then, an inadequate GI Bill.

"This new bill benefits only a few of the Vietnam Veterans who have attended or are now attending college. Most of us who wanted to attend colleges are now finished. Many of us need to attend graduate school to better prepare ourselves for professional occupations.

"This is the first time in the history of veterans' benefits that this sort of restriction has been placed on graduate study.

"The impact of the World War II GI Bill speaks for itself. The number of doctors, lawyers, engineers, and educators it helped through graduate school is in the millions. It seems to me that the government was paid back many times over through the increased taxes of these professional people.

"I recently read that we have spent $8 billion in South Vietnam since the peace agreement, and that the Defense Department will be asking for $95 billion in order to carry on their programs in 1975. I'm asking for $261 a month for 9 months, or $2,349, to carry on my program in 1975. That's not too much—Veteran, Marshall, Minn."

"I am a graduate student who was recently informed that my veterans' benefits have expired and as a result my educational future is in doubt. . . . I suspect many (are) like me, the failure to extend the benefits for nine months for grad students as well as undergrads represents a gloomy way to begin the new year. . . . At this point I realize that my chances are indeed dim. However, I owe it to myself and my family of four to exhaust the last hope. Is there any chance for that nine month extension to apply to graduate students?—Veteran, Monroe, Mich."

"The nine month extension before the amendment to underclassmen only wouldn't have guaranteed that education, but it would have allowed veterans to have time to establish themselves. Many graduate schools won't grant scholarships or fellowships until grades are earned. In many cases this leaves veterans in an untenable position. With the economy declining at an accelerating rate the problem is compounded by veteran's inability to seek work to support their education—Veteran, Bloomington, Ind."

"The primary thirty-six months can be used in all phases of education. Does it not seem rather arbitrary to apply a different standard of education to the extension period?—Veteran, Columbia, Md."

"I am somewhat distressed, however, at the restriction placed on the nine month extension which limits its use to undergraduate study. This would seem to have the tendency to diminish the veteran/students opportunity to advance into professional level careers requiring advanced study. I hope there will be further efforts to remove this restriction so that veterans have the chance to repay Uncle Sam by making larger contributions to the tax man on the income derived from their professional level jobs—Veteran, Johnson State College, Johnson, Vt."

"We do not understand why the new increase in the GI benefits is limited to undergraduate studies . . . In our opinion this is encouraging undergraduates to become lackadaisical and not care about finishing their schooling. The way our economy is, you need a Master's Degree to get and hold a decent job.—Veteran, Virginia Beach, Va."

"I do not consider myself a 'professional student', but my ambition is to enter agricultural research and this is impossible with only a baccalaureate degree. With your decision to exclude graduates from this additional year of benefits you have made it very difficult for me to complete my objectives within the next two semesters.

"Because of the high rate of inflation I have had to work more and more hours per week in order to meet food and housing costs. I now work thirty hours per week while attending college full time.

"In the state of California a fifth year is required after graduation in order to reeive a teahing redential. You have now eliminated an opportunity for many qualified veterans to become teachers which could only benefit young people and the country as a whole.—Veteran, LeGrand, Calif."

[No. 8]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., April 16, 1975.

Hon. VANCE HARTKE,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This will respond to your request for a report by the Veterans' Administration on S. 969, 94th Congress, a bill to amend chapter 34 of title 38, United States Code, to extend the basic educational assistance eligibility for veterans under chapter 34 and for certain dependents under chapter 35 from thirty-six to forty-five months.

This measure has the dual purpose of amending section 1661 of title 38, United States Code, to allow veterans who have served a period of 18 months or more on active duty after January 31, 1955, a maximum of 45 months of educational assistance benefits, and to amend section 1711 of title 38 to allow a maximum of 45 months of such benefits to dependents training under the War Orphans' and Widows' Educational Assistance Act.

The stated purpose of the veterans' educational assistance program is to enhance and make more attractive, service in the armed forces, to restore lost educational opportunities to those whose careers have been interrupted or impeded by reason of active duty service, and to aid such persons in attaining the educational status to which they might have normally aspired and obtained had they not served their country. These programs were intended to provide readjustment assistance during the period following the release of the veteran from service to civilian life. A period of 36 months provides sufficient time to complete vocational programs or a 4-year college program, in most instances.

There are many considerations in establishing an educational assistance program. Congress, in determining what assistance should be given to the returning veteran, decided that a veteran who served on active duty at least 18 months after January 31, 1955, and was released as having satisfied his active duty obligation, became entitled to 36 months of educational assistance. Where entitlement to the full 36 months is not established, the law provides that eligible veterans will be credited with entitlement on the basis of 1½ months for each month or fraction thereof of active service after January 31, 1955. Veterans who do not have a high school diploma, or need refresher, remedial, or deficiency courses to qualify for enrollment in an appropriate program may receive benefits for pursuit of such courses without a charge against their entitlement. Based upon this type of need, many veterans will receive benefits for more than 36 months.

Furthermore, Public Law 93-508, enacted December 3, 1974, provides that an eligible veteran who is entitled to 36 months of educational assistance may receive an additional number of months, not to exceed nine, to pursue a program of education leading to a standard undergraduate degree. The primary intent of this change is to assist those veterans who have pursued their programs of education to complete the requirements for their baccalaureate degree.

We also note that section 1661(b) of title 38, United States Code, allows an extension of benefits to the end of the quarter, term, or semester when the veteran's period of entitlement expires during a quarter, term, or semester. To extend an additional 9 months would result in a total of 49 months of entitlement in some cases.

The Veterans' Administration has opposed any extension of entitlement beyond the 36 months of benefits contained in the law prior to the added benefits provided by Public Law 93-508. We are still of the opinion that a veteran, with 36 months of entitlement, has enough entitlement to obtain a 4-year college degree.

Under the provisions of the War Orphans' Educational Assistance Act of 1956 (Public Law 634, 84th Congress), educational opportunities were extended to those children whose veteran-parent died as the result of a disease or injury incurred or aggravated during World War I, World War II, or the Korean conflict. The purpose of the original program was to permit eligibles to obtain an educational status they would have attained but for the death of such parent. Subsequent enactments have enlarged the program to encompass the children of veterans who are totally and permanently disabled as the result of a service-connected disability; the wives and widows of veterans who are permanently disabled or who died as the result of service-connected disabilities; and the wives and children of prisoners of war or of those missing in action.

Throughout the history of this program, eligible persons have always been entitled to a maximum of 36 months of educational benefits. This is the same maximum allowed veterans under the Korean conflict and the current GI bill programs. Under both the veterans and dependents programs, thousands of persons have successfully attained their educational goals.

It is our view that 36 months of entitlement for dependents is reasonable and equitable since it permits the individual to attend 4 years of college, based on actual semester attendance of about 9 months each, or to attend a program of education not leading to a college degree for 3 full years. In addition to the 36 months of entitlement, wives and widows who do not have a high school diploma or equivalency certificates, or who need a refresher, remedial, or deficiency course to qualify for enrollment in an appropriate educational program, may receive benefits for pursuit of such courses without any charge to their entitlement. Thus, based upon this type of need, many eligibles will receive benefits for more than 36 months.

It is estimated that the cost of S. 969, if enacted, would result in additional direct benefits cost of $76.9 million in fiscal year 1976 and additional direct benefits cost of $214.8 million over the first 5 fiscal years (including the transition period). A detailed breakdown of direct benefits cost by fiscal year and by chapters over each of the next 5 fiscal years follows:

Fiscal year	Chapter 34	Chapter 35	Direct benefits cost (millions)
1976	$70.9	$6.0	$76.9
July 1 to Sept. 30, 1976	6.2	.1	6.3
1977	30.9	2.0	32.9
1978	30.9	2.0	32.9
1979	30.9	2.0	32.9
1980	30.9	2.0	32.9
Total	200.7	14.1	214.8

In view of the foregoing, the Veterans' Administration opposes the enactment of S. 969.

We were advised by the Office of Management and Budget in connection with a report to the House Committee on Veterans' Affairs on H.R. 3563, a bill with an identical purpose to S. 969, that there was no objection to the presentation of the report from the standpoint of the administration's program.

Sincerely,

RICHARD L. ROUDEBUSH,
Administrator.

[No. 29]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

Executive Office of the President,
Office of Management and Budget,
Washington, D.C., August 21, 1975.

Hon. Vance Hartke,
Chairman, Committee on Veterans' Affairs, U.S. Senate, Washington, D.C.

Dear Mr. Chairman: This is in reply to your request for the views of this Office on S. 969, a bill "To amend chapter 34 of title 38, United States Code, to extend the basic educational assistance eligibility for veterans under chapter 34 and for certain dependents under chapter 35 from thirty-six to forty-five months."

S. 969 would increase from 36 months to 45 months the maximum allowable period of educational assistance benefits for veterans who have served 18 months or more on active duty after January 31, 1955 and for dependents under the War Orphans' and Widows' Educational Assistance Act.

In its report to your Committee on April 14, 1975, the Veterans' Administration indicated its reasons for opposing enactment of S. 969. The VA noted that the current maximum entitlement period of 36 months is reasonable and equitable, and provides sufficient time in most instances for the completion of vocational programs or a 4-year college program.

The VA also pointed out that where special circumstances exist, veterans, wives, and widows may receive benefits for more than 36 months without charge to their entitlement. For example, if they do not have a high school diploma or need refresher, remedial, or deficiency courses to qualify for enrollment in an appropriate educational institution, they may receive monetary benefits while pursuing such courses without having their entitlement charged. Furthermore, Public Law 93-508, enacted December 3, 1974, provides an additional 9 months of eligibility—up to 45 months—for veterans entitled to 36 months to complete the requirements for their baccalaureate degree.

We do not believe an across-the-board increase in entitlement to 45 months is warranted. In addition, the cost of the bill is unacceptable. Although VA originally estimated the first year cost to be $76.9 million, VA now estimates the first year cost will be $367.1 million, based on recent enrollment data.

We concur in the views expressed by the VA and, accordingly, oppose the enactment of S. 969. Enactment of S. 969 would not be in accord with the program of the President.

Sincerely,

James M. Frey,
Assistant Director for Legislative Reference.

[No. 90]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., February 26, 1976.

Hon. NELSON ROCKEFELLER,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: There is transmitted herewith a draft bill "To terminate the authority for the pursuit of flight training programs by veterans and for the pursuit of correspondence training programs by veterans, wives, and widows, and for other purposes."

The draft bill would set July 1, 1976, as the termination date for new enrollments in (1) programs of flight training under the provisions of chapter 34 of title 38, United States Code, and (2) correspondence programs under the provisions of chapter 36 of title 38. The bill, however, would permit those individuals enrolled in flight and correspondence training, as of June 30, 1976, to continue their programs until they attain the objective for which they enrolled, provided they maintain continuous enrollment.

The primary purpose of GI bill education benefits is to assist veterans in adjusting from military to civilian life by helping them get the education they would have received had they not served their country in a national emergency. Educational assistance to veterans' widows is designed to help them prepare to support themselves and their families. Under VA regulations, those training programs which do not lead to a high school diploma, college degree, or post-doctoral certificate must lead to professional or vocational objectives—that is, they must lead to employment in the occupation for which the programs provide training.

Our years of experience in administering education programs for veterans and their survivors convince us that flight and correspondence courses have not fulfilled their intended purpose—helping the beneficiary adjust to his or her changed circumstances by providing the training required for basic employment.

In both cases there is ample evidence that the training does not lead to jobs for the majority of trainees and that the courses tend to serve avocational, recreational, and/or personal enrichment, rather than basic employment objectives.

Census Bureau figures for 1975 indicate that, nationwide, an average of 60,000 persons earn their living in occupations to which flight training programs are relevant: Pilot, co-pilot, navigator, flight engineer, mechanic, and flight instructor. Since 1967, more than double that number of flight program trainees—over 120,000—have received

GI bill benefits, indicating that many who trained under the GI bill are not employed in occupations related to their flight training.

Of the 60,000 persons working in aviation occupations, approximately one-half are as pilots or co-pilots for commercial airlines, a figure which has remained fairly constant since 1969. Currently, there are some 3,000 furloughed pilots who will be given preference in any hiring by the airlines. Thus, opportunities for employment in commercial aviation for flight school graduates are limited. General aviation opportunities, such as those for flight instructors, tend to be part time. The majority of flight training hours are incurred on weekends, suggesting the veteran is regularly employed during the week. Flight courses are expensive, typically averaging $3,010 to $6,070, and they rapidly use up the veteran's educational entitlement. In addition, the most recent statistics show that only 60 percent of flight students training under the GI bill complete their courses.

Completion rates for correspondence courses are even lower than those for flight training, with only 41 percent of those enrolled completing their programs. The 41 percent rate is an average and includes complex, technical courses with completion rates as low as 5 percent as well as courses with simple material with completion rates up to 60 percent. Correspondence courses generally are taken by persons who are employed full time, indicating they are being used for purposes other than gaining the education required for basic employment, as intended.

The cost savings which would result from terminating new enrollments in flight and correspondence training would be approximately $1.2 million in the transition period, $35 million in fiscal year 1977, and $245.5 million through fiscal year 1981.

The Veterans' Administration believes that Federal assistance under the GI bill program should be directed toward institutional training and job training. Accordingly, we request that this bill be introduced and recommend its favorable consideration.

We are advised by the Office of Management and Budget that there is no objection to the submission of this draft legislation to the Congress and that its enactment would be in accord with the program of the President.

Sincerely,

RICHARD L. ROUDEBUSH,
Administrator.

Enclosure.

A BILL To terminate the authority for the pursuit of flight training programs by veterans and for the pursuit of correspondence training programs by veterans, wives, and widows, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That chapter 34 of title 38, United States Code, is amended as follows:

(1) by striking out in section 1652(c) "correspondence school,";

(2) by striking out in section 1662(c) "or flight training within the provisions of section 1677 of this chapter,";

(3) by striking out in section 1673(b) "Except as provided in section 1677 of this title, the" and inserting in lieu thereof "The";

(4) by repealing section 1677 in its entirety;

(5) by striking out in section 1681(b) ", other than a program exclusively by correspondence or a program of flight training,";

(6) by repealing section 1681(e);

(7) by striking out the center heading which immediately precedes section 1681(e);

(8) by striking out in section 1682(a)(1) "1677 or";

(9) by striking out in section 1684 "or a program of education exclusively by correspondence" and "or 1786"; and

(10) by amending the catch line at the beginning of section 1684 to read as follows:

"1684. Apprenticeship or other on-job training".

SEC. 2. Chapter 35 of title 38, United States Code, is amended as follows:

(1) by striking out in section 1701(6) "Correspondence school,";

(2) by striking out in section 1723(c) "(except as provided in section 1786 of this title)";

(3) by striking out in section 1734 ("(a)";

(4) by repealing section 1734(b); and

(5) by amending the catch line at the beginning of section 1734 to read as follows:

"1734. Apprenticeship or other on-job training".

SEC. 3. Chapter 36 of title 38, United States Code, is amended as follows:

(1) by striking out in section 1780(a) ", other than a program by correspondent or a program of flight training,";

(2) by repealing section 1780(b);

(3) by striking out the center heading which immediately precedes section 1780(b);

(4) by redesignating sections 1780 (c), (d), (e), (f),g), and (h) as sections 1780 (b), (c), (d), (e), (f), and (g), respectively;

(5) by striking out in section 1780(d) (as redesignated by clause (4) of this section) "(g)" and inserting in lieu thereof "(f)";

(6) by striking out in section 1780(e) (as redesignated by clause (4) of this section "(d)" and inserting in lieu thereof "(c)";

(7) by striking out in section 1780(f) (as redesignated by clause (4) of this section) "(d)" and inserting in lieu thereof "(c)";

(8) by striking out in section 1784(b) "(d)" and inserting in lieu thereof "(c)";

(9) by repealing section 1786 in its entirety; and

(10) by striking out in section 1798(c) "correspondence, flight,".

SEC. 4. (a) The table of section at the beginning of chapter 34 of title 38, United States Code, is amended as follows:

(1) by striking out

"1677. Flight training."

and

"1684. Apprenticeship or other on-job training; correspondence courses.";

and

(2) by inserting in lieu thereof

"1684. Apprenticeship or other on-job training."

(b) The table of sections at the beginning of chapter 35 of title 38, United States Code, is amended as follows:

(1) by striking out

"1734. Apprenticeship or other on-job training; correspondence courses.";

and

(2) by inserting in lieu thereof

"1734. Apprenticeship or other on-job training."

(c) The table of sections at the beginning of chapter 36 of title 38, United States Code, is amended by striking out

"1786. Correspondence courses.".

SEC. 5. Notwithstanding the provisions of sections 1 and 2 of this Act, any eligible veteran pursuing a program of flight training under the authority of section 1677 of chapter 34 of title 38, United States Code, or any eligible veteran, wife, or widow pursuing a program of correspondence training under the authority of section 1786 of chapter 36 of title 38, United States Code, on the day before the effective date of this Act, shall be permitted to continue to pursue such program through completion of the authorized objective if continuously enrolled.

SEC. 6. This Act shall take effect on July 1, 1976.

[No. 96]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

Veterans' Administration,
Office of the Administrator of Veterans' Affairs,
Washington, D.C., March 3, 1976.

Hon. Nelson Rockefeller,
President of the Senate,
Washington, D.C.

Dear Mr. President: There is transmitted herewith a draft bill "To terminate the authority for the pursuit of flight training programs by veterans and for the pursuit of correspondence training programs by veterans, wives, and widows, and for other purposes."

The draft bill would set July 1, 1976, as the termination date for new enrollments in (1) programs of flight training under the provisions of chapter 34 of title 38, United States Code, and (2) correspondence programs under the provisions of chapter 36 of title 38. The bill, however, would permit those individuals enrolled in flight and correspondence training, as of June 30, 1976, to continue their programs until they attain the objective for which they enrolled, provided they maintain continuous enrollment.

The primary purpose of GI bill education benefits is to assist veterans in adjusting from military to civilian life by helping them get the education they would have received had they not served their country in a national emergency. Educational assistance to veterans' widows is designed to help them prepare to support themselves and their families. Under VA regulations, those training programs which do not lead to a high school diploma, college degree, or post-doctoral certificate must lead to professional or vocational objectives—that is, they must lead to employment in the occupation for which the programs provide training.

Our years of experience in administering education programs for veterans and their survivors convince us that flight and correspondence courses have not fulfilled their intended purpose—helping the beneficiary adjust to his or her changed circumstances by providing the training required for basic employment.

In both cases there is ample evidence that the training does not lead to jobs for the majority of trainees and that the courses tend to serve avocation, recreational, and/or personal enrichment, rather than basic employment objectives.

Census Bureau figures for 1975 indicate that, nationwide, an average of 60,000 persons earn their living in occupations to which flight training programs are relevant: Pilot, co-pilot, navigator, flight engineer, mechanic, and flight instructor. Since 1967, more than double that number of flight program trainees—over 120,000—have received GI bill benefits, indicating that many who trained under the GI bill are not employed in occupations related to their flight training.

Of the 60,000 persons working in aviation occupations, approximately one-half are as pilots or co-pilots for commercial airlines, a figure which has remained fairly constant since 1969. Currently, there are some 3,000 furloughed pilots who will be given preference in any hiring by the airlines. Thus, opportunities for employment in commercial aviation for flight school graduates are limited. General aviation opportunities, such as those for flight instructors, tend to be part time. The majority of flight training hours are incurred on weekends, suggesting the veteran is regularly employed during the week. Flight courses are expensive, typically averaging $3,010 to $6,070, and they rapidly use up the veterans educational entitlement. In addition, the most recent statistics show that only 60 percent of flight students training under the GI bill complete their courses.

Completion rates for correspondence courses are even lower than those for flight training, with only 41 percent of those enrolled completing their programs. The 41 percent rate is an average and includes complex, technical courses with completion rates as low as 5 percent as well as courses with simple material with completion rates up to 60 percent. Correspondence courses generally are taken by persons who are employed full time, indicating they are being used for purposes other than gaining the education required for basic employment, as intended.

The cost savings which would result from terminating new enrollments in flight and correspondence training would be approximately $1.2 million in the transition period, $35 million in fiscal year 1977, and $243.5 million through fiscal year 1981.

The Veterans' Administration believes that Federal assistance under the GI bill program should be directed toward institutional training and job training. Accordingly, we request that this bill be introduced and recommend its favorable consideration.

We are advised by the Office of Management and Budget that there is no objection to the submission of this draft legislation to the Congress and that its enactment would be in accord with the program of the President.

Sincerely,

RICHARD L. ROUDEBUSH,
Administrator.

Enclosure.

A BILL To terminate the authority for the pursuit of flight training programs by veterans and for the pursuit of correspondence training programs by veterans wives, and widows, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That chapter 34 of title 38, United States Code, is amended as follows:

(1) by striking out in section 1652(c) "correspondence school,";

(2) by striking out in section 1662(c) "or flight training within the provisions of section 1677 of this chapter,";

(3) by striking out in section 1673(b) "Except as provided in section 1677 of this title, the" and inserting in lieu thereof "The";

(4) by repealing section 1677 in its entirety;

(5) by striking out in section 1681(b) ", other than a program exclusively by correspondence or a program of flight training.";

(6) by repealing section 1681(c);

(7) by striking out the center heading which immediately precedes section 1681(c);

(8) by striking out in section 1682(a)(1) "1677 or";

(9) by striking out in section 1684 "or a program of education exclushively by correspondence" and "or 1786"; and

(10) by amending the catch line at the beginning of section 1684 to read as follows:

"1684. Apprenticeship or other on-job training".

SEC. 2. Chapter 35 of title 38, United States Code, is amended as follows:

(1) by striking out in section 1701(6) "correspondence school,";

(2) by striking out in section 1723(c) "(except as provided in section 1786 of this title)";

(3) by striking out in section 1734 "(a)";

(4) by repealing section 1734(b); and

(5) by amending the catch line at the beginning of section 1734 to read as follows:

"1734. Apprenticeship or other on-job training".

SEC. 3. Chapter 36 of title 38, United States Code, is amended as follows:

(1) by striking out in section 1780(a) ", other than a program by correspondence or a program of flight training,";

(2) by repealing section 1780(b);

(3) by striking out the center heading which immediately precedes section 1780(b);.

(4) by redesginating sections 1780 (c), (d), (e), (f), (g) and (h) as sections 1780 (b), (c), (d), (e), (f) and (g) respectively;

(5) by striking out in section 1780(d) (as redesignated by clause (4) of this section) "(g)" and inserting in lieu thereof "(f)";

(6) by striking out in section 1780(e) (as redesignated by clause (4) of this section) "(d)" and inserting in lieu thereof "(c)";

(7) by striking out in section 1780(f) (as redesignated by clause (4) of this section) "(d)" and inserting in lieu thereof "(c)";

(8) by striking out in section 1784(b) "(d)" and inserting in lieu thereof "(c)";

(9) by repealing section 1786 in its entirety; and

(10) by striking out in section 1798(c) "correspondence, flight,".

SEC. 4. (a) The table of sections at the beginning of chapter 34 of title 38, United States Code, is amended as follows:

(1) by striking out

"1677. Flight training."

and

"1684. Apprenticeship or other on-job training; correspondence courses.";

and

(2) by inserting in lieu thereof

"1684. Apprenticeship or other on-job training."

(b) The table of sections at the beginning of chapter 35 of title 38, United States Code, is amended as follows:

(1) by striking out

"1734. Apprenticeship or other on-job training; correspondence courses.";

and

(2) by inserting in lieu thereof

"1734. Apprenticeship or other on-job training."

(c) The table of sections at the beginning of chapter 36 of title 38, United States Code, is amended by striking out

"1786. Correspondence courses.".

SEC. 5. Notwithstanding the provisions of sections 1 and 2 of this Act, any eligible veteran pursuing a program of flight training under the atuhority of section 1677 of chapter 34 of title 38, United States Code, or any eligible veteran, wife, or widow pursuing a program of correspondence training under the authority of section 1786 of chapter 36 of title 38, United States Code, on the day before the effective date of this Act, shall be permitted to continue to pursue such program through completion of the authorized objective if continuously enrolled.

SEC. 6. This Act shall take effect on July 1, 1976.

94TH CONGRESS
1ST SESSION

S. 817

IN THE SENATE OF THE UNITED STATES

FEBRUARY 24 (legislative day, FEBRUARY 21), 1975

MR. HANSEN (for himself and MR. HARTKE) (by request) introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

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A BILL

To provide for an 8-year delimiting period for the pursuit of educational programs by veterans, wives, and widows, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1662 of title 38, United States Code, is amended as follows:

(1) by striking out in subsection (a) "10" and inserting in lieu thereof "8";

(2) by striking out in subsection (b) "10-year" and inserting in lieu thereof "8-year";

(3) by striking out in subsection (c) "10-year"

II

each time it appears and inserting in lieu thereof "8-year"; and

(4) by striking out in subsection (d) "10-year" and inserting in lieu thereof "8-year".

SEC. 2. Section 1712 of title 38, United States Code, is amended as follows:

(1) by striking out in subsection (b) "10" and inserting in lieu thereof "8"; and

(2) by striking out in subsection (f) "10" and inserting in lieu thereof "8".

SEC. 3. Section 604 (a) and (b) of Public Law 92-540 (82 Stat. 1333, October 24, 1972) is amended by deleting "10" and inserting in lieu thereof "8".

SEC. 4. This Act shall be effective March 1, 1975.

SEC. 5. Notwithstanding the provisions of section 1 of this Act, any veteran who is otherwise entitled and whose eligibility would be terminated as the result of the enactment of such section and who is enrolled in and pursuing a program of education on the effective date of this Act shall be permitted to continue such program of education to the termination of the unexpired quarter or semester in which he is enrolled where he is enrolled in an institution operated on a quarter or semester system, or to the end of the course or for twelve weeks, whichever is the lesser period, where he is enrolled in an institution which is not operated on a quarter or semester basis.

[No. 3]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

Veterans' Administration,
Office of the Administrator of Veterans' Affairs,
Washington, D.C., March 27, 1975.

Hon. Vance Hartke,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

Dear Mr. Chairman: This will respond to your request for a report by the Veterans' Administration on S. 817, 94th Congress, a bill to provide for an 8-year delimiting period for the pursuit of educational programs by veterans, wives, and widows, and for other purposes.

This measure is identical to a draft bill which I submitted to the President of the Senate by letter dated February 6, 1975. A copy of my letter is enclosed for your information. Since the subject bill is identical to our draft proposal, the Veterans' Administration favors its enactment.

We are advised by the Office of Management and Budget, in connection with the submission of the draft bill to the Congress, that its enactment would be in accord with the program of the President.

Sincerely,

Richard L. Roudebush,
Administrator.

Enclosure.

Veterans' Administration,
Office of the Administrator of Veterans' Affairs,
Washington, D.C., February 6, 1975.

Hon. Nelson Rockefeller,
President of the Senate,
Washington, D.C.

Dear Mr. President: There is transmitted herewith a draft of a bill to provide for an 8-year delimiting period for the pursuit of educational programs by veterans, wives, and widows, and for other purposes.

The purpose of the bill is to restore the 8-year period within which veterans, wives, and widows, pursuing programs of education under the GI bill and the War Orphans' and Widows' Educational Assistance Act, have in which to complete their programs. Public Law 93–337, enacted July 10, 1974, revised the delimiting period granted under the current programs from 8 years to 10 years.

The Congress, in creating the World War II GI bill program, set a 9-year period of time in which the bulk of such veterans had to complete their programs of education. It also required these veterans to commence their programs within 4 years after their discharge or release from military service. In the case of the Korean conflict program, the Congress set an 8-year delimiting period, plus a 3-year commencement requirement. Similarly, in setting up the current program in 1966, the Congress also set an 8-year delimiting date; but, contrary to the prior programs, it did not impose any commencement requirements.

A similar 8-year period was set in laws extending educational benefits to the widows and children of veterans who die as the result of service-connected disabilities and to the wives and children of those veterans who have a total disability, permanent in nature, resulting from a service-connected disability.

As we pointed out in our reports to the respective House and Senate Committees on Veterans' Affairs at the time the extension legislation was being considered, the underlying purpose of all 3 GI bill programs has been to afford a veteran a readjustment benefit to assist him in his transition from military to civilian life by providing him with financial assistance to obtain an educational status he might have normally aspired to and achieved had he not served his country in time of national emergency.

We believe that the 8-year period provided in the original law setting up the current GI bill program and in the original law providing educational benefits for wives, widows, and children, was an ample period of time within which these beneficiaries should commence and complete their programs. We feel that the additional benefits which were provided to veterans under the extension law discriminate against those veterans who served in the earlier periods. We, therefore, recommend a return to the 8-year limitation.

It is emphasized that any veteran enrolled in school on the effective date (March 1, 1975) of the draft bill, whose eligibility would terminate by virtue of its enactment, would be protected by the savings provisions which permit the veteran to continue his program of education until the end of the quarter, term, or semester in which he is enrolled. It is also pointed out that the draft bill would not terminate the educational benefits for veterans pursuing flight, farm cooperative, or on-job training programs since the earliest date for termination of their eligibility would, assuming enactment of the draft bill, be August 30, 1975, since these programs were not contained in the original 1966 enactment, but were added by Public Law 90–77, which became effective August 31, 1967. Nor would the eligibility of any wife or widow be immediately terminated as the result of the enactment of the draft proposal since the earliest date for termination of their eligibility, under the provisions of the law (Public Law 90–631) granting them such benefits, would be December 1, 1976.

It is estimated that enactment of the draft bill would result in the savings of direct benefits cost in fiscal year 1975 of $161 million and in savings of direct benefits cost over the first 5 fiscal years of approximately $2.1 billion.

We request that this bill be introduced and recommend its favorable consideration.

The Office of Management and Budget advises that enactment of this draft legislation will be in accord with the program of the President.

Sincerely,

RICHARD L. ROUDEBUSH,
Administrator.

Enclosure.

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A BILL To provide for an eight-year delimiting period for the pursuit of educational programs by veterans, wives, and widows, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1662 of title 38, United States Code, is amended as follows:

(1) by striking out in subsection (a) "10" and inserting in lieu thereof "8";

(2) by striking out in subsection (b) "10-year" and inserting in lieu thereof "8-year";

(3) by striking out in subsection (c) "10-year" each time it appears and inserting in lieu thereof "8-year"; and

(4) by striking out in subsection (d) "10-year" and inserting in lieu thereof "8-year".

SEC. 2. Secton 1712 of title 38, United States Code, is amended as follows:

(1) by striking out in subsection (b) "10" and inserting in lieu thereof "8"; and

(2) by striking out in subsection (f) "10" and inserting in lieu thereof "8".

SEC. 3. Sections 604 (a) and (b) of Public Law 92-540 (82 Stat. 1333, October 24, 1972) is amended by deleting "10" and inserting in lieu thereof "8".

SEC. 4. This Act shall be effective March 1, 1975.

SEC. 5. Notwithstanding the provisions of section 1 of this Act, any veteran who is otherwise entitled and whose eligibility would be terminated as the result of the enactment of such section and who is enrolled in and pursuing a program of education on the effective date of this Act, shall be permitted to continue such program of education to the termination of the unexpired quarter or semester in which he is enrolled where he is enrolled in an institution operated on a quarter or semester system, or to the end of the course or for twelve weeks, whichever is the lesser period, where he is enrolled in an institution which is not operated on a quarter or semester basis.

[No. 5]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., April 11, 1975.

Hon. VANCE HARTKE,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request of March 3, 1975, for the views of this Office on S. 817, a bill "To provide for an 8-year delimiting period for the pursuit of educational programs by veterans, wives, and widows, and for other purposes."

S. 817 is identical to draft legislation submitted by the Administrator of Veterans' Affairs on February 6, 1975. The bill would restore the 8-year period within which veterans, wives, and widows, pursuing programs of education under the GI bill and the War Orphans' and Widows' Educational Assistance Act, have in which to complete their programs. Public Law 93-337, enacted July 10, 1974, extended the period from 8 years to 10 years.

We concur in the views expressed by the Administrator of Veterans' Affairs that the 8-year period provided in the original law setting up the current GI bill program provided an ample period of time within which veterans should commence and complete their programs. Accordingly, we recommend that the Committee give favorable consideration to the bill. Enactment of S. 817 would be in accord with the program of the President.

Sincerely,

JAMES F. C. HYDE, Jr.,
Acting Assistant Director
for Legislative Reference.

94TH CONGRESS
1ST SESSION

S. 836

IN THE SENATE OF THE UNITED STATES

FEBRUARY 25 (legislative day, FEBRUARY 21), 1975

Mr. STAFFORD introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

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A BILL

To amend title 38, United States Code, to liberalize the provisions for payment of educational assistance benefits to certain disabled veterans.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (a) of section 1661 of title 38, United States Code, is amended by inserting immediately after "active duty obligation," the following: "or served for a period of less than 18 months after such date and received a medical discharge because of service-connected disabilities,".

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[No. 23]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

Executive Office of the President,
Office of Management and Budget,
Washington, D.C., August 12, 1975.

Hon. Vance Hartke,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

Dear Mr. Chairman: This is in response to your request of March 3, 1975 for the views of this Office on S. 836, a bill "To amend title 38, United States Code, to liberalize the provisions for payment of educational assistance benefits to certain disabled veterans."

In its report to your committee on S. 836, the Veterans' Administration explains its reasons for recommending against favorable action on the bill. We concur in the views expressed in the report of the Veterans' Administration and, accordingly, recommend against the enactment of S. 836.

Sincerely,

James M. Frey,
Assistant Director for
Legislative Reference.

[No. 24]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., August 12, 1975.

Hon. VANCE HARTKE,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This will respond to your request for a report by the Veterans' Administration on S. 836, 94th Congress, a bill "To amend title 38, United States Code, to liberalize the provisions for payment of educational assistance benefits to certain disabled veterans."

The bill would amend section 1661(a) of title 38, United States Code, to provide 36 months of entitlement to educational assistance to any eligible veteran who served for a period of less than 18 months and was medically discharged because of a service-connected disability.

The World War II, Korean conflict, and current GI bill programs were all designed to assist returning servicemen in making an early and satisfactory readjustment from military to civilian life. They were not intended as a reward for service or as adjusted compensation.

The current GI bill program provides that a veteran, to be eligible for educational benefits, must have served on active duty for a period of more than 180 days, any part of which occurred after January 31, 1955, and must have been discharged or released therefrom under conditions other than dishonorable, or he must have been discharged or released from active duty after such date for a service-connected disability. Under this program, an eligible veteran is entitled to 1½ months of educational assistance for each month or fraction thereof of his active duty service. However, if he serves for a period of 18 months or more on active duty after January 31, 1955, and is released from such service under conditions that would satisfy his active duty obligation, he is entitled to 36 months of benefits. In addition, where he is entitled to 36 months of benefits, but has been unable to attain his standard undergraduate college degree within that period, he may be granted up to 9 additional months of assistance to be used in pursuit of such a degree. Thus, under the terms of the GI bill, entitlement to benefits is based upon the amount of service performed.

No provision was made in the GI bill for the granting of any additional period of entitlement where the veteran was discharged or released because of his service-connected disability. Instead, the Congress provided a separate program, administered by the Veterans' Administration, under which the service-disabled veteran may be granted up to 48 months of educational benefits to assist in his vocational rehabilitation. Unlike the GI bill program, which provides a single monthly allowance to pay for all expenses, a veteran, under the vocational rehabilitation program, has all of his tuition and other educational expenses paid for and is, in addition, granted a monthly allowance to meet his living costs. To be eligible under this program, a veteran need only establish that he has a service-connected disability rated at 10 percentum or more and that he is in need of vocational rehabilitation. Prior to the enactment of Public Law 93-508, on December 3, 1974, a veteran, to be eligible under this program, had to have a service-connected disability rated at 30 percentum or more, or had to establish that his disability clearly caused a pronounced employment handicap. Thus, we see that the vocational rehabilitation program has been liberalized and is available to those veterans discharged because of a disability.

It is our view that the granting of 36 months of educational assistance to any veteran discharged because of a service-connected disability would be a departure from the readjustment concept of the GI bill. We also believe that under most circumstances a veteran has a better benefit program available to him through the vocational rehabilitation program set forth above rather than that provided under the GI bill. In addition, noninterest loans of up to $200 are also available to disabled veterans who are in need of such loans.

We have no data available on the length of service of disabled veterans. We are, therefore, unable to provide any definitive estimate of the cost of this proposal.

In view of the foregoing, the Veterans' Administration is opposed to the enactment of S. 836

We are advised by the Office of Management and Budget that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely,

RICHARD L. ROUDEBUSH,
Administrator.

94th CONGRESS
1st Session

S. 1371

IN THE SENATE OF THE UNITED STATES

April 7, 1975

Mr. Bellmon introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

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A BILL

To amend title 38 of the United States Code to provide for cost-of-living increases in educational benefits.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That chapter 36 of title 38, United States Code, is amended by adding at the end thereof a new section as follows:

"§ 1796. Cost-of-living increases for educational benefits

"(a) As soon as possible after the beginning of each calendar quarter, the Administrator shall determine the extent by which the price index in the preceding calendar quarter was higher than the price index in the applicable base period (as those terms are defined in subsection (e)). If he determines that the price index had risen by a per-

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centage (of its level in the base period) equal to 3 per centum or more, the amount of each benefit otherwise payable under chapters 31, 34, 35, and this chapter shall be increased by the same percentage (adjusted to the nearest one-tenth of 1 per centum), effective with respect to benefits for months after the quarter in which the determination is made.

"(b) In the case of any individual who first becomes entitled to a benefit in or after the month in which an increase becomes effective under subsection (a), the amount of the benefit payable to or with respect to him on the basis of such entitlement shall be determined by applying such increase (or, if more than one increase has become effective under subsection (a), by applying all such increases successively) to the amount of the benefit which would be payable under chapters 31, 34, 35, and this chapter without regard to this section.

"(c) Any increase under subsection (a) shall apply with respect to all benefits payable under chapters 31, 34, 35, and this chapter during the period in which such increase is effective regardless of the provisions under which such benefits are payable or the manner in which the amounts payable are determined, but shall be applied with respect to the benefit payable to or with respect to any particular individual only after all of the other provisions of chapters 31, 34, 35, and this chapter which relate to eligibility for and the amount of such benefit, and all prior increases made in such benefit under this section, have been applied.

"(d) If the amount of the increase in any benefit under subsection (a) is not a multiple of $0.10 it shall be raised to the next higher multiple of $0.10 in the case of a multiple of $0.05 or adjusted to the nearest multiple of $0.10 in any other case.

"(e) For purposes of this section—

"(1) the term 'price index' means the Consumer Price Index (all items, United States city average) published monthly by the Bureau of Labor Statistics; and the average level of the price index for the three months in any calendar quarter shall be deemed to be the level of the price index in such quarter; and

"(2) the term 'base period' means—

"(A) the calendar quarter commencing July 1, 1975, with respect to the increase under subsection (a), and

"(B) the calendar quarter immediately preceding the quarter in which the determination constituting the basis of the most recent increase under subsection (a) was made, with respect to any increase under subsection (a) after the first such increase.

"(3) the term 'benefit' means any benefit payable under chapters 31, 34, 35, or this chapter.".

(b) The table of sections at the beginning of chapter 36 of title 38, United States Code, is amended by adding at the end thereof the following:

"1796. Cost-of-living increases for educational benefits.".

SEC. 2. The amendments made by the first section of this Act shall apply only with respect to increases in benefits under chapters 31, 34, 35, and 36 of title 38, United States Code, for months in and after the second calendar quarter beginning after the date of the enactment of this Act on the basis of determinations made (under section 1796 of such title, as added by the first section of this Act) in and after the first calendar quarter beginning after the date of the enactment of this Act.

[No. 89]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., February 26, 1976.

Hon. VANCE HARTKE,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request of April 22, 1975 for the views of this office on S. 1371, a bill "To amend title 38 of the United States Code to provide for cost-of-living increases in educational benefits."

In its report to your Committee on S. 1371, the Veterans' Administration explains its reasons for recommending against favorable action on the bill. We concur in the views expressed in the report of the Veterans' Administration and, accordingly, recommend against the enactment of S. 1371. Enactment of S. 1371 would not be consistent with the objectives of the administration.

Sincerely,

(Signed) JAMES M. FREY,
Assistant Director for Legislative Reference.

[No. 91]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., February 27, 1976.

Hon. VANCE HARTKE,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This will respond to your request for a report by the Veterans' Administration on S. 1371, 94th Congress, a bill "To amend title 38 of the United States Code to provide for cost-of-living increases in educational benefits."

This proposal would provide automatic cost-of-living increases in benefits payable under chapters 31, 34, 35, and 36 of title 38, United States Code.

The bill would empower the Administrator of Veterans' Affairs to review at the beginning of each calendar quarter the price index for the preceding calendar quarter to determine if there has been an increase in such index. In the event that the price index has risen by 3 percent or more, the Administrator shall increase educational assistance and vocational rehabilitation subsistence by the same percentage. Adjustment will be to the nearest one-tenth of 1 per centum, effective for the months after the quarter in which the determination is rendered. Under the provisions of the bill, if any increase is not a multiple of $0.10, it will be rounded off, upward or downward, to the nearest multiple of $0.10.

If an individual becomes entitled to a benefit during or after the month in which an increase becomes effective, the amount of the benefit payable will be determined by adding all the applicable retroactive cost-of-living increases to which the individual would have been entitled.

The measure provides that the calendar quarter commencing July 1, 1975, will be considered the "base period" for the initial increase. Thereafter, the calendar quarter immediately preceding the calendar quarter which constitutes the basis of the most recent increase will be considered the "base period."

The proposal, if enacted, would apply only with respect to increases in benefits for months in and after the second calendar quarter beginning after the date of enactment on the basis of a determination made in and after the first calendar quarter beginning after the date of enactment.

S. 1371 would tie education benefit increases directly to changes in the cost-of-living index. The GI bill program, unlike all Federal programs currently tied to the index, is not an income maintenance program. Hence, there is no strong rationale or precedent for making automatic cost-of-living adjustments to education program benefit levels. Since the educational assistance and vocational rehabilitation programs were first established. Congress has periodically reviewed the benefit rates as to their adequacy and has made adjustments when such were deemed necessary. In the enactment of all rate increases and program changes, the cost of living was an important, but not the only, factor in determining the benefit rate. Also considered in all programs has been the level of support which the Congress determined to maintain.

We would point out that a quarterly review of the price index resulting in a possible 3 percent increase, when coupled with adjustments to allowances rates by multiples of $0.10, would tend to distort the relationship between the half-time, three-quarter-time, and full-time benefits that Congress has legislated in recent amendments to the education benefit program.

The costs of S. 1371 would be excessive, totaling some $2.8 billion over 5 years, as discussed further below. The bill's enactment would thus be inconsistent with the President's commitment to responsible and reasonable restraint in the growth of Federal spending.

We would also point out that the educational benefits available in the Phillippines are already more than adequate and, thus, are opposed to their inclusion in the proposed measure.

As a technical matter, we note that the bill proposes to add a new section 1796 to chapter 36 of title 38. That chapter already includes a section 1796 which was added at the time Public Law 93–508 was enacted on December 3, 1974.

As indicated above, it is estimated that enactment of S. 1371 would result in additional direct benefits cost over the first 5 fiscal years (including the transition period) totaling approximately $2.8 billion. A breakdown of estimated costs by fiscal year follows:

Fiscal year:	*Direct benefits cost (in millions)*
1976	$120.9
Transition period	35.1
1977	394.7
1978	596.1
1979	759.3
1980	889.4
Five year total	2,795.5

In arriving at these figures, we have utilized the Consumer Price Index increase projections for fiscal year 1976 through 1980 furnished to us by the Office of Management and Budget. A straight-line, quarterly timetable for CPI increases was used to facilitate the quarterly review procedure outlined in this proposal (for example, in fiscal year 1977 the CPI increase of 5.55 percent was broken down to a compounded quarterly rate of 1.36 percent). In addition, an effective date of July 1, 1975, was assumed for costing. This estimate should be viewed in magnitude since the CPI projections on which it is based will undoubtedly be revised.

In view of the foregoing, the Veterans' Administration opposes the enactment of S. 1371.

The Office of Management and Budget advises that there is no objection to the submission of this report and that enactment of S. 1371 would not be consistent with the objectives of the Administration.

Sincerely,

RICHARD L. ROUDEBUSH,
Administrator.

94TH CONGRESS
1ST SESSION

S. 1805

IN THE SENATE OF THE UNITED STATES

MAY 22, 1975

Mr. HANSEN (for himself, Mr. GOLDWATER, Mr. MCCLURE, and Mr. WILLIAM L. SCOTT) introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

---

A BILL

To amend title 38, United States Code, to set a termination date for veterans educational benefits under chapters 34 and 36 of such title, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1652 (a) (1) of title 38, United States Code, is amended to read as follows:

"(a) (1) The term 'eligible veteran' means any veteran who (A) served on active duty for a period of more than 180 days, any part of which occurred after January 31, 1955, and before July 1, 1975, and who was discharged or released therefrom under conditions other than dishonorable, or (B) was discharged or released from active duty, any

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part of which was performed during such period, because of a service-connected disability."

SEC. 2. Section 1661 (a) of title 38, United States Code, is amended by—

(1) inserting ", and before July 1, 1975" immediately after "January 31, 1955" each time it appears; and

(2) adding at the end thereof the following: "In the case of any person in the active military service in the Armed Forces on June 30, 1975, the ending date for computing such person's entitlement shall be the date of such person's first discharge or release after June 30, 1975."

SEC. 3. Section 1662 (a) of title 38, United States Code, is amended by adding at the end thereof the following: "In no event shall education or training be afforded a veteran under this chapter or chapter 36 of this title after June 30, 1985.".

SEC. 4. Section 1695 (b) of title 38, United States Code, is amended by inserting after "service" the following: ", any part of which occurred after January 31, 1955, and before July 1, 1975,".

SEC. 5. Section 1818 (a) of title 38, United States Code, is amended by deleting "eligible veteran, as defined in paragraphs (1) and (2) of subsection (a) of section 1652 of this title," and inserting in lieu thereof: "person who served on active duty, any part of which occurred after January 31, 1955, and who:

(1) served for a period of more than 180 days and was discharged or released therefrom under conditions other than dishonorable; or

(2) has served more than 180 days in an active duty status and continues on active duty without a break therein; or

(3) was discharged or released from active duty after such date for a service-connected disability".

[No. 42]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., September 29, 1975.

Hon. VANCE HARTKE,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This will respond to your request for the views of the Veterans' Administration on S. 1805, 94th Congress; a bill "To amend title 38, United States Code, to set a termination date for veterans educational benefits under chapters 34 and 36 of such title, and for other purposes."

This measure is identical with proposed draft legislation transmitted to the Congress by the President on May 7, 1975. The bill has as its basic purpose the barring of individuals entering military service on and after July 1, 1975, from accruing entitlement to GI bill educational benefits, as well as setting June 30, 1985, as a date beyond which no one may receive GI bill educational assistance, and assuring continuation of the current VA loan guaranty program.

Under S. 1805, any individual entering military service on and after July 1, 1975, would be barred from accruing any entitlement to educational benefits under the GI bill. This bill permits those individuas who are in military service on June 30, 1975, to continue to accrue and utilize entitlement to educational benefits under current law, and sets June 30, 1985, as the final date beyond which no benefits could be awarded under the educational program to anyone.

This measure follows similar action in ending GI bill education programs for World War II and Korean conflict veterans. The legislation makes an equitable distinction between those who have been required to perform military service and those who in the future choose to serve in the All-Volunteer Armed Forces.

It should be emphasized that the educational assistance programs for World War II and Korean veterans, as well as for those eligible under current law, have all been readjustment programs designed to help veterans to adjust from military to civilian life by affording them monetary aid to obtain an educational status they might normally have aspired to and obtained had they might normally have aspired to and obtained had they not served their country in wartime or national emergency. It was not contemplated that educational assistance was to be a continuing benefit.

The World War II veteran was eligible only if he was on active duty by July 25, 1975, the official ending date for World War II. He had 4 years from the date of his separation from the service in which to commence his program of education and was allowed a period of 9 years from separation to use his entitlement. A final termination date of July 25, 1956, was set for the bulk of World War II veterans. Korean veterans had 3 years following separation from service in which to commence, and 8 years from the date of such discharge in which to complete, their programs of education. A final termination date of January 31, 1965, was set beyond which no benefits were permitted under that program.

Public Law 89-358, the Veterans' Readjustment Benefits Act of 1966, established a program of educational assistance for eligible veterans who served on active duty in the armed forces after January 31, 1955. We believe that, with the signing of the cease-fire agreement and implementing protocols of January 27, 1973, which ended our involvement in hostilities in Vietnam, it is appropriate to terminate the current educational readjustment program.

We would point out that, if it is intended that this measure be effective prospectively, the July 1, 1975, termination date, currently provided in S. 1805, should be changed. It is our view that any termination date for the program should be prospective.

We have been advised by the Department of Defense that, as written, S. 1805 could create inequities and violate implied commitment of GI bill benefits to individuals who have enlisted in the Department's Delayed Entry Program (DEP). This is a program under which individuals contract to enter the military services, are enlisted in a Reserve unit, and are required to go on active duty within 9 months. It is the Department's recommendation that the bill be amended to (a) eliminate the July 1, 1975, date cited earlier in this report; (b) substitute a new date which would provide the Department with sufficient time to alter extensive advertising and recruiting programs; and (c) allow GI bill benefits to those who enlist under the Delayed Entry Program, but who do not go on active duty for a period of time thereafter.

The Veterans' Administration has no objection to the Department's proposals and is enclosing with this report a proposed draft substitute for those provisions of S. 1805 relating to termination of the GI bill education program which would incorporate changes to carry out their suggestions. The proposed draft substitute would set the first day of the second calendar month following the date of enactment as the termination date for the GI bill program, provide GI bill benefits for those individuals who enlist in DEP prior to the termination date but go on active duty subsequent to that date, provide protection for those individuals who enlist in DEP but are discharged or released from active duty performed pursuant to such an enlistment because of a service-connected disability, and set 10 years from the first day of the second calendar month following the date of enactment as the final date beyond which no individual may receive GI bill benefits.

We believe that the proposed substitute draft would give the Department ample lead time which they need in conjunction with their enlistment programs and also provide benefits for those who sign up under DEP. We understand that, as of the present date, over 60,000 men and women have enlisted in the Delayed Entry Program, have been sworn into the Reserve, and have committed themselves to 6 years total military service of which at least 3 years will be on active duty. If the GI bill program were to be terminated July 1, 1975, as provided in S. 1805, these persons would not be eligible. Many of these men and women have enlisted in anticipation of receiving GI bill benefits provided by current law. If they are not afforded this benefit, the Defense Department will have violated their advertised incentive and would, possibly, be obligated to release them from their active duty commitment.

Under the provisions of S. 1805, eligibility for benefits under the Predischarge Education Program (PREP) would be terminated on the same basis as all other educational benefits. PREP was established by Public Law 91–219, effective March 26, 1970, and was designed to assist servicemen and women to prepare for their future education, training, or vocation by providing them with the opportunity to enroll in and pursue a program of education or training prior to their discharge from active duty in the armed forces. The program is coordinated by the Veterans' Administration and the Department of Defense.

At the time PREP was established, recruitment for the armed Forces followed a different philosophy from the present. In 1970, this country was still engaged in hostilities in Vietnam. Military requirements were being met by drafting individuals when the services could not meet their requirements through voluntary enlistments. In some cases, it was evident that individuals were in need of high school diploma courses, or remedial, deficiency, or refresher courses to prepare them to pursue an appropriate course of education or training in an approved educational institution or training establishment following their release from service.

Presently, the Department of Defense administers an All-Volunteer program. To attract qualified men and women into this military force, the military services recognize that they must provide effective inducements, among which educational opportunity is one of the most attractive. Extensive educational training programs have been developed by the Department of Defense as a means of recruitment and retention of qualified individuals in the new program.

It is our view that the continued need for PREP is no longer apparent. The educational programs developed by the Department of Defense are available to those individuals who are in the military service and range all the way from vocational training through graduate work. These Department of Defense programs can provide the means for obtaining high school diploma completion and/or remedial education, as required. For these reasons, we recommend that your committee give favorable consideration to amending S. 1805 to provide for termination of the PREP program, effective upon enactment. We also recommend inclusion of a savings provision to permit those individuals enrolled in the program on such date to continue to pursue the program in which enrolled through completion. Language to accomplish this has been included in our proposed draft substitute, cited earlier in this report.

Enactment of S. 1805 would have no effect on our vocational rehabilitation program under which veterans who are disabled because of a service-connected disability are furnished vocational rehabilitation.

Section 1652(a) of title 38, United States Code, defines an "eligible veteran" for the purposes of entitlement to education benefits. Section 1818 of title 38, in turn, relates to eligibility for loan guaranty benefits, with eligibility under this latter program premised upon the definition of "eligible veteran" set forth in section 1652(a). Thus, any proposal to amend the definition of "eligible veteran" in section 1652(a) for the purpose of terminating educational benefits would, in turn, affect eligibility for loan guaranty benefits. S. 1805, it should be noted, contains specific language designed to set up separate criteria for loan guaranty eligibility in section 1818. This would, if adopted, have the effect of continuing this program.

The loan guaranty program was originally conceived in 1944 with the objective of diminishing, to the greatest possible extent, the economic and sociological problems of post-war readjustment of the millions then serving in the armed forces. This concept arose because of the feeling that veterans, in view of their service in the armed forces, had missed an opportunity to establish themselves in a business or profession, and to establish a credit rating which could be the basis of borrowing to acquire a home. The loan guaranty program was an attempt to place veterans on a par with their nonveteran counterparts.

The VA home loan guaranty program, from its inception in 1944, to the end of 1974, has been instrumental in inducing private lenders to extend $109 billion to more than 8.7 million veterans to purchase or construct homes. Of these, about 54 percent already have been paid in full, and only about 3.5 percent went into foreclosure. In addition, through the direct loan program, the VA has helped another 321,000 veterans become homeowners by directly lending some $3.2 billion. The estimated net cost to the Government of the loan guaranty program and the direct loan program, through fiscal year 1974, has been $827.2 million.

It should be pointed out, however, that those persons now entering military service are doing so voluntarily and in time of peace. This fact, coupled with the increases in pay granted members of the armed forces in recent years and the annual comparability pay raises now provided, makes it possible that such readjustment benefits may be considered unnecessary.

Eliminating loan guaranty eligibility for post-Vietnam peacetime veterans would be consistent with the administration's goal of eliminating duplicative Federal programs. Further, the peacetime veteran would still have the opportunity to receive housing assistance by obtaining an FHA loan insured by the Department of Housing and Urban Development. Veterans with 90 days or more of active service are eligible (under section 1709(b)(2) of title 12, United States Code) for such loans with more liberal down-payment terms than the usual FHA loans.

If the legislation were to be enacted which would terminate the loan guaranty program on the same basis as the GI bill education program, this would have no effect on the home loan entitlement of veterans of World War II, the Korean conflict, or any veteran who serves after January 31, 1955, and before any termination date which might be set. Thus, administration of the loan program operated by the Veterans' Administration would continue for many years.

Should the Congress decide to either continue or terminate the loan guaranty program, the Veterans' Administration would have no objection.

We estimate that enactment of those provisions of S. 1805 to terminate the GI bill education program, if amended as we have recommended, would result in cost savings of $5.1 million in fiscal year 1976, and in cost savings over the first 5 fiscal years (including the transition period of $1.45 billion). In making this estimate, we have assumed an enactment date of October 1, 1975. A detailed breakdown by fiscal year of the estimated cost savings follows:

Fiscal year:	*Direct benefits savings Education program (in millions)*
1976	$5. 1
Transition	4. 5
1977	93. 3
1978	241. 0
1979	437. 2
1980	668. 8
Total through 1980	1, 449. 9

Termination of the PREP program as recommended, it is estimated, would result in approximate cost savings to the VA in fiscal year 1976 of $27.3 million (assuming an effective date of Oct. 1, 1975), and of $141.5 million over the first 5 fiscal years (including the transition period). A detailed breakdown of the estimated cost savings by fiscal year and the number of trainees affected follows:

Fiscal year	Trainees (in thousands)	Direct benefits savings (in millions)
1976	66. 5	$27. 3
Transition	20. 8	8. 5
1977	70. 6	28. 9
1978	66. 6	27. 3
1979	62. 5	25. 6
1980	58. 3	23. 9
Total through 1980		141. 5

Termination of loan guaranty benefits would, it is estimated (assuming again an Oct. 1, 1975, effective date), result in a comparatively modest cost savings. The estimated savings for the first fiscal year would be approximately $300,000. The total estimated 5-year cost savings (including the transition period) would be approximately $27 million, of which nearly 40 percent would be in the last fiscal year. A detailed breakdown of the estimated cost savings resulting from ending loan guaranty benefits for post-Vietnam veterans follows:

[In millions of dollars]

Fiscal year	G.O.E.	Direct loan expenditures	Expenses and losses	Total
1976	—0. 1	—0. 2	(1)	—0. 3
Transition	—. 1	—. 2	(1)	—. 3
1977	—. 6	—1. 7	—0. 4	—2. 7
1978	—1. 2	—3. 1	—. 9	—5. 2
1979	—2. 0	—4. 5	—1. 5	—8. 0
1980	—2. 9	—6. 0	—1. 6	—10. 5
Total	—6. 9	—15. 7	—4. 4	—27. 0

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[1] Less than $50,000.

In summary, the Veterans' Administration favors termination of the GI bill education program. We would, however, urge favorable consideration of the draft substitute we have proposed in conjunction with such termination legislation. This substitute would meet the recommendations of the Department of Defense in connection with their Delayed Entry Program and, in addition, would terminate the PREP program. Should the Congress decide to terminate or continue eligibility for loan guaranty benefits of post-Vietnam era veterans, the Veterans' Administration would have no objection.

We have been advised by the Office of Management and Budget that there is no objection to the submission of this report to your committee and that enactment of S. 1805, with the amendments suggested above, would be in accord with the program of the President.

Sincerely,

RICHARD L. ROUDEBUSH,
Administrator.

Enclosure.

AMENDMENT

S. 1805, 94th Congress, is amended as follows:

(1) On page 1, beginning with line 3, strike out all down through line 22 on page 2, and insert in lieu thereof the following:

"That section 1652(a)(1) of title 38, United States Code, is amended to read as follows:

" '(a)(1) The term "eligible veteran" means any veteran who:

" '(A) Served on active duty for a period of more than 180 days, any part of which occurred after January 31, 1955, and before the first day of the second calendar month following the date of enactment of this Act, and who was discharged or released therefrom under conditions other than dishonorable; or

" '(B) Contracted with the military services and was enlisted in a reserve component prior to the termination date provided in clause (A) of this subsection and as a result of such enlistment served on active duty for a period of more than 180 days, any part of which commenced within 12 months after the termination date set forth in clause (A) of this subsection, and was discharged or released from such active duty under conditions other than dishonorable; or

" '(C) Was discharged or released from active duty, any part of which was performed after January 31, 1955, and before the termination date provided in clause (A) of this subsection, or following entrance into active service from an enlistment provided for under clause (B) of this subsection, because of a service-connected disability.'

"SEC. 2. Section 1652(a)(2) of title 38, United States Code, is

"SEC. 2. Section 1652(a)(2) of title 38, United States Code, is amended by inserting immediately after 'paragraph (1)(A)' the following: 'or (B)'.

"SEC. 3. Section 1661(a) of title 38, United States Code, is amended—

" '(1) by inserting immediately after "January 31, 1955," each time it appears therein the following: "and before the first day of the second calendar month following the date of enactment of this Act"; and

" '(2) by adding at the end thereof the following new sentence: "In the case of any person in the active military service before the first day of the second calendar month following the date of enactment of this Act, or a person eligible under section 1652(a)(1)(B) of this chapter, the ending date for computing such person's entitlement shall be the date of such person's first discharge or release from active duty.' "

"SEC. 4. Section 1662 of title 38, United States Code, is amended by adding at the end thereof the following new subsection:

" '(e) In no event shall educational assistance be afforded to any eligible veteran under this chapter, or chapter 36 of this title, after

10 years after the first day of the second calendar month following the date of enactment of this Act.'

"SEC. 5. (a) Subchapter VI of chapter 34 of title 38, United States Code, is repealed.

"(b) The table of sections at the beginning of chapter 34 of title 38, United States Code, is amended by striking out the following:

"'SUBCHAPTER VI—PREDISCHARGE EDUCATION PROGRAM

"'1695. Purpose; definition.
"'1696. Payment of educational assistance allowance.
"'1697. Educational and vocational guidance.
"'1697A. Coordination with and participation by Department of Defense.'.

"(c) Notwithstanding the provisions of subsection (a) of this section, any eligible person enrolled in and pursuing a course or courses under the provisions of subchapter VI of chapter 34 of title 38, United States Code, on the day before the effective date of this Act, shall be permitted to continue to pursue such course or courses through the end of the period for which he is enrolled."

(2) on page 4, line 8, strike out "SEC. 5." and insert in lieu thereof "SEC. 6.".

[No. 44]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., October 6, 1975.

Hon. VANCE HARTKE,
Chairman, Committee on Veterans' Affairs, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request of June 3, 1975 for the views of this office on S. 1805, a bill "To amend title 38, United States Code, to set a termination date for veterans educational benefits under chapters 34 and 36 of such title, and for other purposes."

S. 1805 is identical to draft legislation transmitted to the Congress by the President on May 7, 1975. The bill would provide for termination of the eligibility period for GI bill education and training benefits. It is similar to actions taken by the Congress to end the GI bill education program for World War II and Korean conflict veterans.

In its report to your committee on S. 1805, the VA recommended certain amendments dealing with the termination date and with the Delayed Entry Program (DEP) and Predischarge Program (PREP) of the Department of Defense. The VA also stated that it would have no objection should the Congress decide to either terminate or continue eligibility for loan-guaranty benefits for post-Vietnam era veterans.

We concur with the views expressed by the VA in its report on S. 1805. Accordingly, we recommend that the committee give favorable consideration to the bill. Enactment of S. 1805, amended as suggested by the VA, would be in accord with the program of the President.

Sincerely,

JAMES M. FREY,
Assistant Director for Legislative Reference.

[No. 50]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

United States Civil Service Commission,
Washington, D.C., October 28, 1975.

Hon. Vance Hartke,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

Dear Mr. Chairman: The Senate Committee on Veterans' Affairs is considering S. 1805, a bill "To amend title 38, United States Code, to set a termination date for veterans educational benefits under chapters 34 and 36 of such title, and for other purposes."

As presently drafted, S. 1805 would establish June 30, 1975, as the date after which persons entering active military service would no longer be entitled to educational and training benefits under title 38 of the United States Code. It would also set a termination date for using the entitlement earned. In addition, S. 1805 would permit all veterans who served on active duty after January 31, 1955, to continue to be eligible for loan guaranty benefits.

The educational benefits which S. 1805 would terminate were extended by Public Law 89-358 to veterans who served on active duty more than 180 days after January 31, 1955. This 1966 law also tied veteran preference in Federal employment to the same conditions. For the first time, the definition of "veteran" for entitlement to educational benefits (in section 101(21) of title 38), was linked to entitlement to employment preference (section 2 of the Veterans' Preference Act of 1944, now codified as 5 U.S.C. 2108(1)(B)).

If the time has come to terminate educational benefits extended by the 1966 Act—and we believe it has—then it is also time to terminate eligibility for veteran preference based on that Act. The reasons for extending both benefits at that time were continuation of the draft, inadequate military benefits to compensate for lost civilian opportunities, inability to select assignments and post of duty, and participation in the Vietnam conflict.

None of these conditions exist today. The Vietnam conflict and our participation in it have ended. On May 7, 1975, the President issued a proclamation officially ending the Vietnam era, which means we are no longer considered in a national emergency or war. Military service today is purely voluntary—a matter of personal choice. The volunteer army offers a wide variety of advantages including higher salaries, educational programs, and assignments in the area of the enlistee's choice.

Aside from this, we are concerned that the continuation of veteran preference based on peacetime service is diluting the relative advantage originally intended for those who served their country in war-time or military campaigns. Major veterans' organizations are concerned about this as well. We note that in 1974 The American Legion went on record at its national convention in favor of legislation to limit entitlement to preference, based on active duty for more than 180 days, to those who entered military service on or before the date the Vietnam era ended.

For these reasons, therefore, we recommend a new section be added to S. 1805 amending section 2108 of title 5, U.S. Code as follows:

> SEC. 6. Section 2108 of title 5, United States Code, is amended by striking out in paragraph (1)(B) "after January 31, 1955" and inserting in lieu thereof: "any part of which occurred after January 31, 1955 and before January 1, 1976.

Adoption of this section will not eliminate veteran preference for all persons entering military service after the end of the Vietnam era, just those whose preference would be based on 180 days or more of active duty. Preference would still be authorized on the basis of subsequent service in a war or campaign as provided in section 2108(1)(A) of title 5, or service-connected disability as provided in section 2108 (B)(2).

We understand that H.R. 9576, a bill similar in purpose to S. 1805, was passed by the House of Representatives on October 6, 1975, and is currently pending before your committee. The House-passed bill includes an identical section to the one recommended here except for the final date for entry on active duty as a basis for preference: May 7, 1975, instead of January 1, 1976. We prefer the January 1, 1976, date so as not to retroactively deny preference to those who have entered on active duty since May 7, 1975.

The Office of Management and Budget advises that from the standpoint of the administration's program there is no objection to the submission of this report.

By direction of the Commission:

Sincerely yours,

ROBERT HAMPTON,
Chairman.

Vet Letters 94-50

94th CONGRESS
1st Session

S. 2100

IN THE SENATE OF THE UNITED STATES

July 11 (legislative day, July 10), 1975

Mr. Williams introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

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A BILL

To amend section 1676 of title 38, United States Code, relating to pursuit of a program of education outside the United States.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of section 1676 of title 38, United States Code, is amended by inserting ", other than flight training," immediately after "program of education".

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[No. 41]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., September 29, 1975.

HON. VANCE HARTKE,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This will respond to your request for a report by the Veterans' Administration on S. 2100, 94th Congress, a bill to amend section 1676 of title 38, United States Code, relating to pursuit of a program of education outside the United States.

This proposal would permit eligible veterans training under chapter 34 to pursue flight training at flight schools outside the United States.

Under current law, payment of educational assistance to veterans and eligible persons attending school outside the United States is restricted to those who are pursuing a program of education at an approved institution of higher learning. The rationale behind this restriction is that there are standards pertaining to institutions of higher learning which assure that the veteran or eligible person is receiving worthwhile training in the foreign school. It is not difficult to determine whether or not an institution is recognized as the equivalent of a U.S. college or university. If a veteran or eligible person is accepted as a student at such a school, he can be assured that he is undertaking a worthwhile course of education. By contrast, it could be very difficult for the Veterans' Administration to judge the qualifications of every one of the various small flight schools throughout the world.

Based upon the abuses experienced under the World War II GI bill, which permitted enrollment in below college level courses in foreign countries, Congress found it expedient in its enactment of the Korean conflict GI bill, to limit the enrollment of Korean conflict veterans in foreign educational institutions to courses offered by institutions of higher learning. This policy has been continued in the enactment of the current GI bill.

We do not see any valid justification for singling out veterans in one form of vocational training for special legislative treatment to the exclusion of eligible veterans in other forms of vocational training.

We have no data available regarding the numbers of persons who might benefit or the cost associated with such training. We are, therefore, unable to provide any definitive estimate of the cost of this proposal.

In view of the foregoing, the Veterans' Administration opposes the enactment of S. 2100.

We are advised by the Office of Management and Budget that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely,

ODELL W. VAUGHN,
Deputy Administrator
(In the absence of
Richard L. Roudebush, Administrator).

[No. 45]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., October 6, 1975.

Hon. VANCE HARTKE,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request of July 17, 1975 for the views of this office on S. 2100, a bill "To amend section 1676 of title 38, United States Code, relating to pursuit of a program of education outside the United States."

In its report to your committee on S. 2100, the Veterans' Administration explains its reason for recommending against favorable action on the bill. We concur in the views expressed in the report of the Veterans' Administration and, accordingly, recommend against the enactment of S. 2100.

Sincerely,

JAMES M. FREY,
Assistant Director for Legislative Reference.

94TH CONGRESS
1ST SESSION

S. 2365

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 17 (legislative day, SEPTEMBER 11), 1975

MR. BARTLETT introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

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A BILL

To amend title 38, United States Code, to provide measurement criteria for courses offered by independent study.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1788(a) of title 38, United States Code, is amended by—

(1) striking out "and" at the end of clause (5);

(2) striking out the period at the end of clause (6) and inserting in lieu thereof "; and"; and

(3) adding the following new clause (7) immediately after clause (6) as follows:

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"(7) a program of independent study shall be considered full time if it meets the requirements of clause (4) of this subsection, provided it is accredited by a regional accrediting association, leads to a baccalaureate or higher degree, is offered by an institution which provides baccalaureate programs in residence, and has been offered for no less than two years."

94th CONGRESS
1st Session

S. 2487

IN THE SENATE OF THE UNITED STATES

October 7 (legislative day, September 11), 1975

Mr. Morgan introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

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A BILL

To amend section 1673 (c) of title 38, United States Code, to permit, under certain circumstances, the payment of an educational assistance allowance to an eligible veteran who pursues a bar review course conducted by telephone or closed circuit television.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1673 (c) of title 38, United States Code, is amended by adding at the end thereof the following: "The Administrator may also approve the enrollment of an eligible veteran in a bar review course which is offered through the medium of telephone or closed circuit television if (1) the instructor of such course teaches the course in person to students at one location and his instruction is transmitted

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live to the remote classroom location, and (2) the attendance of the eligible veteran at the remote classroom location is regularly checked and his attendance record is certified to the Veterans' Administration in such manner as the Administrator shall prescribe by regulation.".

[No. 2]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., February 6, 1975.

Hon. NELSON ROCKEFELLER,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: There is transmitted herewith a draft of a bill "To provide for an eight-year delimiting period for the pursuit of educational programs by veterans, wives, and widows, and for other purposes."

The purpose of the bill is to restore the 8-year period within which veterans, wives, and widows, pursuing programs of education under the GI bill and the War Orphans' and Widows' Educational Assistance Act, have in which to complete their programs. Public Law 93-337, enacted July 10, 1974, revised the delimiting period granted under the current programs from 8 years to 10 years.

The Congress, in creating the World War II GI bill program, set a 9-year period of time in which the bulk of such veterans had to complete their programs of education. It also required these veterans to commence their programs within 4 years after their discharge or release from military service. In the case of the Korean conflict program, the Congress set an 8-year delimiting period, plus a 3-year commencement requirement. Similarly, in setting up the current program in 1966, the Congress also set an 8-year delimiting date; but, contrary to the prior programs, it did not impose any commencement requirements.

A similar 8-year period was set in laws extending educational benefits to the widows and children of veterans who die as the result of service-connected disabilities and to the wives and children of those veterans who have a total disability, permanent in nature, resulting from a service-connected disability.

As we pointed out in our reports to the respective House and Senate Committees on Veterans' Affairs at the time the extension legislation was being considered, the underlying purpose of all three GI bill programs has been to afford a veteran a readjustment benefit to assist him in his transition from military to civilian life by providing him with financial assistance to obtain an educational status he might have normally aspired to and achieved had he not served his country in time of national emergency.

We believe that the 8-year period provided in the original law setting up the current GI bill program and in the original laws providing educational benefits for wives, widows, and children, was an ample period of time within which these beneficiaries should commence and complete their programs. We feel that the additional benefits which were provided to veterans under the extension law discriminate against those veterans who served in the earlier periods. We, therefore, recommend a return to the 8-year limitation.

It is emphasized that any veteran enrolled in school on the effective date (March 1, 1975) of the draft bill, whose eligibility would terminate by virtue of its enactment, would be protected by the savings provisions which permit the veteran to continue his program of education until the end of the quarter, term, or semester in which he is enrolled. It is also pointed out that the draft bill would not terminate the educational benefits for veterans pursuing flight, farm cooperative, or on-job training programs since the earliest date for termination of their eligibility would, assuming enactment of the draft bill, be August 30, 1975, since these programs were not contained in the original 1966 enactment, but were added by Public Law 90–77, which became effective August 31, 1967. Nor would the eligibility of any wife or widow be immediately terminated as the result of the enactment of the draft proposal since the earliest date for termination of their eligibility, under the provisions of the law (Pub. L. 90–631) granting them such benefits, would be December 1, 1976.

It is estimated that enactment of the draft bill would result in the savings of direct benefits cost in fiscal year 1975 of $161 million and in savings of direct benefits cost over the first 5 fiscal years of approximately $2.1 billion.

We request that this bill be introduced and recommend its favorable consideration.

The Office of Management and Budget advises that enactment of this draft legislation will be in accord with the program of the President.

Sincerely,

RICHARD L. ROUDEBUSH,
Administrator.

Enclosure.

A BILL To provide for an eight-year delimiting period for the pursuit of educational programs by veterans, wives, and widows, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1662 of title 38, United States Code, is amended as follows:

(1) by striking out in subsection (a) "10" and inserting in lieu thereof "8";

(2) by striking out in subsection (b) "10-year" and inserting in lieu thereof "8-year";

(3) by striking out in subsection (c) "10-year" each time it appears and inserting in lieu thereof "8-year"; and

(4) by striking out in subsection (d) "10-year" and inserting in lieu thereof "8-year".

SEC. 2. Section 1712 of title 38, United States Code, is amended as follows:

(1) by striking out in subsection (b) "10" and inserting in lieu thereof "8"; and

(2) by striking out in subsection (f) "10" and inserting in lieu thereof "8".

SEC. 3. Section 604 (a) and (b) of Public Law 92–504 (82 Stat. 1333, October 24, 1972) is amended by deleting "10" and inserting in lieu thereof "8".

SEC. 4. This act shall be effective March 1, 1975.

SEC. 5. Notwithstanding the provisions of section 1 of this act, any veteran who is otherwise entitled and whose eligibility would be terminated as the result of the enactment of such section and who is enrolled in and pursuing a program of education on the effective date of this act, shall be permitted to continue such program of education to the termination of the unexpired quarter or semester in which he is enrolled where he is enrolled in an institution operated on a quarter or semester system, or to the end of the course or for twelve weeks, whichever is the lesser period, where he is enrolled in an institution which is not operated on a quarter or semester basis.

[No. 9]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

THE WHITE HOUSE,
Washington, D.C., May 7, 1975.

Hon. NELSON A. ROCKEFELLER,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: I am transmitting today a proposed bill to amend title 38, United States Code, to set a termination date for veterans educational benefits under chapters 34 and 36 of such title, and for other purposes.

The bill would terminate the eligibility period for GI bill education and training benefits for persons who will be entering peacetime voluntary military service on or after July 1, 1975.

I have today also issued a Proclamation which fixes the period of Vietnam service as beginning on August 5, 1964, and ending on May 7, 1975, for certain wartime benefits.

The effect of these actions is similar to those terminating wartime veterans benefits following the cessation of World War I, World War II, and the Korean war hostilities.

The Proclamation and this legislation would make an equitable distinction between those who have been required to perform military service and those who in the future choose to serve in the All-Volunteer Armed Forces. The termination actions will not affect the eligibility of the millions of Vietnam veterans already discharged, or those presently serving in the Armed Forces.

I urge the Congress to give prompt and favorable consideration to the draft bill.

Sincerely,

GERALD R. FORD.

A BILL To amend title 38, United States Code, to set a termination date for veterans educational benefits under chapters 34 and 36 of such title, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1652(a)(1) of title 38, United States Code, is amended to read as follows:

"(a)(1) The term 'eligible veteran' means any veteran who (A) served on active duty for a period of more than 180 days, any part of which occurred after January 31, 1955, and before July 1, 1975, and who was discharged or released therefrom under conditions other than dishonorable, or (B) was discharged or released from active duty, any part of which was performed during such period, because of a service-connected disability.".

Sec. 2. Section 1661(a) of title 38, United States Code, is amended by—

(1) inserting ", and before July 1, 1975" immediately after "January 31, 1955" each time it appears; and

(2) adding at the end thereof the following: "In the case of any person in the active military service in the Armed Forces on June 30, 1975, the ending date for computing such person's entitlement shall be the date of such person's first discharge or release after June 30, 1975.".

Sec. 3. Section 1662(a) of title 38, United States Code, is amended by adding at the end thereof the following: "In no event shall education or training be afforded a veteran under this chapter or chapter 36 of this title after June 30, 1985.".

Sec. 4. Section 1695(b) of title 38, United States Code, is amended by inserting after "service" the following: ", any part of which occurred after January 31, 1955, and before July 1, 1975,".

Sec. 5. Section 1818(a) of title 38, United States Code, is amended by deleting "eligible veteran, as defined in paragraphs (1) and (2) of subsection (a) of section 1652 of this title," and inserting in lieu thereof: "person who served on active duty, any part of which occurred after January 31, 1955, and who:

(1) served for a period of more than 180 days and was discharged or released therefrom under conditions other than dishonorable; or

(2) has served more than 180 days in an active duty status and continues on active duty without a break therein; or

(3) was discharged or released from active duty after such date for a service-connected disability".

Section-by-Section Analysis of a Draft Bill

SECTION 1

This section would amend section 1652(a)(1) of title 38, United States Code, to provide that, for the purpose of eligibility for educational benefits, a veteran is defined as an individual who served on active duty for a period of 181 days or more, any part of which occurred after January 31, 1955, and before July 1, 1975, and who was discharged or released under conditions other than dishonorable, or who served during such period and was discharged or released because of a service-connected disability. The effect of the amendment to this section is to set a period of service on which eligibility for educational benefits may be based. Entrance into military service on or after July 1, 1975, would not be qualifying service for this benefit.

SECTION 2

Subsection (1) would amend section 1661(a) to establish June 30, 1975, as the ending date for that period of time in which an individual may commence service in the military and earn potential entitlement toward 36 months of educational assistance.

Subsection (2) represents a savings provision which would permit those persons entering military service prior to July 1, 1975, to accrue educational entitlement with the amount of such entitlement earned based upon the date of the individual's first discharge or release after June 30, 1975.

SECTION 3

This section would amend section 1662(a) to set June 30, 1985, as the final termination date for utilization of entitlement earned under the current GI bill education program. The date set is 10 years following the cut-off date (July 1, 1975) and is in line with the 10-year period provided veterans of the Korean conflict. Under that program, individuals were required by law to utilize entitlement by January 31, 1965—10 years from the ending date of the Korean conflict (January 31, 1955).

SECTION 4

This section would amend section 1695(b) to set June 30, 1975, as the date beyond which individuals entering military service may not accrue entitlement to predischarge education (prep) benefits. This is consistent with the cut-off date for all other educational programs for veterans.

SECTION 5

This section would amend section 1818(a) to permit all veterans serving on active duty after January 31, 1955, to continue to be eligible for loan guaranty benefits. Under the provisions of section 1818(a), eligibility for loan guaranty benefits is based upon the definition of a veteran as set forth in section 1652—the same as educational benefits. With the termination of the educational benefit eligibility under the amended provisions of section 1 of this bill, it is necessary to amend section 1818(a) to preserve continued loan guaranty eligibility.

94TH CONGRESS
1ST SESSION

S. 2789

IN THE SENATE OF THE UNITED STATES

DECEMBER 15, 1975

Mr. TAFT introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

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A BILL

To amend title 38, United States Code, to provide counseling for certain veterans; to permit acceleration of monthly educational assistance payments to veterans; to revise the criteria for approval of nonaccredited courses; and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1663 of title 38, United States Code, is amended to read as follows:

"§ 1663. Educational and vocational counseling

"(a) The Administrator may arrange for educational and vocational counseling for veterans eligible for educational assistance under this chapter. At such intervals as he deems

II—O

necessary, he shall make available information respecting the need for general education and for trained personnel in the various crafts, trades, and professions. Facilities of other Federal agencies collecting such information shall be utilized to the extent he deems practicable.

"(b) Counseling provided under this section may include, but shall not be limited to assisting any veteran—

"(1) to select the occupation or training objective suitable to him in terms of his personal circumstances, characteristics, financial resources, dependent responsibilities and other relevant factors;

"(2) to select the occupation or training objective which will provide him, after he has developed the required job skills, with reasonable opportunities for employment and with job satisfaction;

"(3) to select the educational institution that will effectively assist him in attaining his educational or vocational objective;

"(4) to develop a program of education that will lead to a recognized and predetermined educational, vocational, technical or professional objective within the veteran's period of entitlement; and

"(5) by providing to him such other services, assistance or readjustment counseling as the Administrator deems necessary or appropriate for his effective readjustment."

SEC. 2. Chapter 34 of title 38, United States Code, is amended by inserting immediately after section 1682 thereof following new section:

"§ 1682A. Acceleration of educational assistance allowance payments

"(a) Notwithstanding any other provision of this chapter or chapter 36 of this title, a veteran pursuing a full-time program of institutional training under the provisions of this chapter may apply to the Administrator to have his monthly educational assistance allowance accelerated and have his entitlement charged proportionally.

"(b) The application of a veteran for acceleration shall include the following information:

"(1) The income of the veteran (including that of his or her spouse) less any Federal, State and local income taxes paid or payable for the academic year (or other comparable period of enrollment) in which the veteran is enrolled.

"(2) The amount of cash assets of the veteran.

"(3) The amount of financial assistance received by the veteran under the provisions of title IV of the Higher Education Act of 1965, as amended.

"(4) The amount of educational assistance available to the veteran under this title (including loan assistance under subchapter III of chapter 36 of this title).

"(5) The amount of any other scholarship, fellowship, grant or loan funds available to the veteran.

"(6) The amount of tuition and other educational expenses expected to be paid by the veteran for the academic year (or other comparable period of enrollment) in which enrolled.

"(7) The amount of living expenses (including expenses for dependents) expected to be incurred by the veteran for the academic year (or other comparable period of enrollment) in which enrolled.

"(c) Approval of the application shall be granted only if the veteran demonstrates need for the additional assistance allowance (based upon the information to be submitted pursuant to the provisions of subsection (b) of this section) and the veteran will attain his predetermined and identified educational, professional or vocational objective within his entitlement period. In no event shall the monthly assistance allowance payable to the veteran under section 1682 (a) (1) of this title be increased by more than twice the amount he would otherwise be entitled to receive under that section."

SEC. 3. Subsections (b) and (c) of section 1776 of title 38, United States Code, are amended to read as follows:

"(b) Such application shall be accompanied by not less than two copies of the current catalog, bulletin or public statement which is certified as true and correct in content and policy by an authorized owner or official and includes the following:

"(1) Identifying data, such as volume number and date of publication.

"(2) Names of the institution and its governing body, officials, and faculty.

"(3) Names and titles of associated or previous institutions or corporate affiliations, governing body, officials, and faculty, that have been cited for or involved in illegal, unethical, deceptive or misleading practices or for violation of one or more provisions of this title.

"(4) A calendar of the institution showing legal holidays, beginning and ending date of each quarter, term, or semester, and other important dates.

"(5) Institution policy and regulations on enrollment with respect to enrollment dates.

"(6) Institution policy, regulations and specific entrance requirements for each program of education offered by such institution including all testing, counseling and admissions procedures, policies and standards designed to determine an eligible veteran's educational, financial, intellectual, and physical aptitudes and abilities to successfully complete a course of instruction and attain and maintain employment in the specific predetermined and identified educational, vocational, or professional field that is the objective of such program of education.

"(7) Institution policy and regulations relative to leave, absences, class cuts, make-up work, tardiness and interruptions for unsatisfactory attendance.

"(8) Institution policy and regulations relative to standards of progress required of the student by the institution (including defining of the grading system of the institution, the minimum grades considered satisfactory, conditions for interruptions for unsatisfactory grades or progress), a description of the probationary period, if any, allowed by the institution, conditions for reentrance for those students dismissed for unsatisfactory progress, and a statement regarding progress records kept by the institution and furnished the student.

"(9) Institution policy and regulations relating to student conduct and conditions for dismissal for unsatisfactory conduct.

"(10) A course outline for each course for which approval is requested, showing subjects or units in the course, type of work or skill to be learned, approximate time and clock hours to be spent on each subject or unit, and a statement of recognition or acceptance by any prominent institutions, associations, agencies, and employers associated with the type of work or skill to be learned.

"(11) Detailed schedules of fees, charges for tuition, books, supplies, tools, student activities, laboratory fees, service charges, rentals, deposits, and all other charges.

"(12) Policy and regulations of the institution relative to the refund of the unused portion of tuition, fees, and other charges in the event the student does not enter the course or withdraws or is discontinued therefrom.

"(13) A detailed and accurate description of the available space, facilities, and equipment.

"(14) Policy and regulations of the institution relative to granting credit for previous educational training, to include policy, regulations, and procedures for evaluation, certification, or recognition of military training, education, skills, and experience.

"(15) Accurate and detailed completion rates for courses, and placement rates for graduates in the specific skill or work they were trained for.

"(c) The appropriate State approving agency may approve the application of such institution when the institution and its nonaccredited courses are found upon investigation to have met the following criteria:

"(1) The courses, curriculum, and instruction are consistent in quality, content, and length with similar courses in public schools and private schools in the State, with recognized accepted standards.

"(2) There is in the institution adequate space, equipment, instructional material, and instructor personnel to provide training of good quality.

"(3) Educational and experience qualifications of directors, administrators, and instructors are adequate and in compliance with all applicable Federal and State laws and regulations.

"(4) The institution maintains a written record of the previous education and training of the eligible person and clearly indicates that appropriate credit has been given by the institution for previous education and training (including recognition and evaluation of relevant military training and experience) with the training period shortened proportionately and the eligible person and the Administrator so notified.

"(5) A copy of the course outline, schedule of tuition, fees and all other charges, regulations pertaining to absence, grading policy, rules of conduct and operation, and policy and regulations of the institution relative to refund of unused portion of tuition, fees and other charges in the event that the veteran does not enter the course or withdraws or is discontinued therefrom, and provision for a full explanation and disclosure of all financial, legal or contractual obligations an eligible veteran would entail to be furnished the eligible veteran prior to entering into any legal or contractual or financial agreement with the educational institution or its representatives.

"(6) Upon completion of training, the eligible person is given a certificate by the institution indicating the approved course and indicating that training was satisfactorily completed.

"(7) Adequate records as prescribed by the State approving agency are kept to show attendance and progress or grades, and satisfactory standards progress, and conduct are enforced.

"(8) The institution is financially sound and capable of fulfilling its commitments for training.

"(9) The institution complies with all local, city, county, municipal, State and Federal regulations, such as fire codes, buildings and sanitation codes (with evidence of compliance to be supplied as is deemed necessary).

"(10) The institution does not utilize advertising, promotions, or sales techniques of any type which are erroneous or misleading, either by actual statement, omission, or intimation. The institution shall not be deemed to have met this requirement until the State approving agency has ascertained from the Federal Trade Commission whether (i) the Commission has issued an order to the institution to cease and desist from any such act or practice; (ii) if such an order has been issued, due weight has been given to that fact; and (iii) the Commission has given due weight to significant complaints or criticisms about the institution's advertising, promotions or sales techniques.

"(11) All advertising, promotion and sales techniques, claims and personnel employed by or representing the institution are in compliance with all applicable State and Federal licensing regulations and laws.

"(12) The institution does not exceed its enrollment limitations as established by the State approving agency.

"(13) The institution's administrators, directors, owners, and instructors are of good reputation and character.

"(14) The institution has and maintains a policy for the refund of the unused portion of tuition and fees, and other charges in the event the eligible person fails to enter the course or withdraws or is discontinued therefrom at any time prior to completion and such policy must provide that the amount charged to the eligible person for tuition, fees, and other charges for a portion of the course shall not exceed the approximate pro rata portion of the total charges for tuition, fees, and other charges (including any enrollment or registration fee or charge in excess of $40) that the length of the completed portion of the course bears to its total length.

"(15) All claims and statistics by the institution with regard to completion and placement rates for a specific course of instruction leading to employment in the specific skill or type of work learned shall not be false, erroneous or misleading, either by actual statement, omission, or intimation, and the appropriate State approving agency shall require such evidence of compliance as is deemed necessary.

"(16) Such other criteria as may be deemed necessary by the State approving agency."

SEC. 4. The table of sections at the beginning of chapter 34 of title 38, United States Code, is amended by inserting immediately after

"1682. Computation of educational assistance allowances."

the following:

"1682A. Acceleration of educational assistance allowance payments.".

[No. 109A]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

Congress of the United States,
Congressional Budget Office,
Washington, D.C., April 29, 1976.

Hon. Vance Hartke,
Chairman, Committee on Veterans' Affairs, U.S. Senate, Washington, D.C.

Dear Mr. Chairman: This is in response to your letter of March 31, 1976, requesting the Congressional Budget Office to examine the cost estimate prepared by the Veterans' Administration for S. 2789. This bill would provide for accelerated payment of educational benefits to eligible veterans.

Enclosed you will find our assessment of this cost estimate. I hope this information will prove useful to the Committee.

Sincerely,

Alice M. Rivlin, *Director.*

Enclosure.

Assessment of Preliminary VA Cost Estimate for S. 2789

S. 2789 enables veterans eligible for readjustment benefits to elect accelerated payment of educational benefits if they are enrolled in a full-time course of study. Veterans could elect to double current payment levels, if they choose to exhaust their entitlement at an accelerated rate.

Costs could be increased under the accelerated payments provision by:

(1) Inducing additional veterans to enter the readjustment benefits program;

(2) Inducing a larger proportion of veterans to pursue full-time rather than part-time courses of study; or

(3) Increasing the percentage of entitlement used by veterans.

The response of eligible veterans to this program change depends, in large measure, upon how the bill is implemented. The legislation directs the Veterans' Administration to define "needs criteria" for determining whether a veteran can elect accelerated educational assistance payments. The legislation indicates that income, wealth, living costs and other factors be used in making determination of needs, but no clear guidelines are specified. A clearer delineation of "need" would help reduce some of the uncertainty in costing the legislation.

Given the uncertainty over needs criteria and the paucity of data, especially on the pool of eligible veterans who have not used their educational benefits entitlement, the VA provided a "magnitude" cost estimate. As such, it "accurately reflects" the still uncertain nature of the program and the uncertainty of response to the program by eligible veterans.

There are two key factors which must be examined in assessing the VA magnitude cost estimate of S. 2789: (1) The additional cost per veteran and (2) the number of veterans entering the program. The VA set the average cost per trainee who elects accelerated payment of benefits at just over $2,600 per year. This figure is based on current factors for average usage of yearly entitlement. It is, however, possible that the new program would increase the average amount of time spent in school by trainees. If enrolled in school full time all year, the additional payment required for a veteran with two dependents would be $4,392. Given the distribution of veterans by dependency status, the maximum average annual payment would be about $4,000. The average annual payment in the early years could thus be up to 50 percent higher than presented in the VA estimate. If this did occur, however, veterans would use up their entitlement faster, causing corresponding decreases in later years. To the extent that veterans are induced to utilize their entitlement at a faster pace, costs would be increased in the transition quarter, fiscal year 1977, and part of fiscal year 1978, but reduced in later years. If, however, it also induces them to use a greater portion of their entitlement, total outlays would be increased. The average unused entitlement approximates 15 months. It is possible that the accelerated benefits program could reduce this figure.

Forecasting the number of veterans who would enter the program is a much more difficult process. The VA estimates are based on a subjective assessment of how particular groups of eligible veterans will respond. Given the fact that "needs" criteria have not been defined, any estimate must rest upon a subjective interpretation of the bill.

In order to place the VA estimate of number of trainees in perspective, some other approaches to defining the potential pool of trainees will be defined below. One approach is to assume that the needs criteria would be designed to target the program to assist those veterans who are currently on the unemployment rolls. An indication of the lower limit on the number of unemployed veterans who could benefit from the program is provided by the number of veterans currently receiving benefits under the Unemployment Compensation for Ex-Servicemen program. The average number of unemployed ex-servicemen in the program was 110,000 during the final quarter of calendar year 1975.

If it is assumed that this level of unemployed ex-servicemen will remain relatively constant in the future, any participant induced to take advantage of the accelerated educational benefit program would represent an increase above forecasted on-roll trainees. The additional cost per trainee would thus be closer to the full year maximum benefit payment of about $8,000 per year, yielding a maximum increase in outlays of $880 million in fiscal year 1977. This figure probably represents a lower bound to costs of the program. It essentially assumes that these currently enrolled would not be permitted to accelerate and that benefit increases would be primarily due to the addition to the rolls of about 2 percent of the pool of eligibles.

The unemployment compensation program for ex-servicemen does not include unemployed veterans who would qualify for the regular unemployment compensation program. A more comprehensive measure of the number of eligible unemployed post-Korea veterans would raise the target population of the program to over 300,000 trainees. This assumes that about 6 percent of the approximately 5 million post-Korea veterans who have never used their training would move into the program. Unemployment rates for male veterans between 20 and 34 years of age (a group which roughly approximates the pool of eligible veterans) were below the level for non-veterans in the same category and slightly above the overall unemployment rate in 1976.

This rate of 6 percent is just below CBO's forecasted national unemployment rate for fiscal year 1977. If the "needs" criteria are designed to induce veterans currently on the unemployment and welfare rolls to engage in training or retraining, the 300,000 unemployed post-Korea veterans would be a reasonable approximation of the target population. The fiscal year 1977 maximum cost of training this group would be $2.4 billion.

$880 million and $2.4 billion probably represent a reasonable range for increased outlays in the first full year of the program. The VA estimate of $1.8 billion is well within this range, though VA also includes costs for current program participants who would switch to the accelerated payment program. If the criteria for entry into the accelerated payment program permits this to happen, the expected range of costs could be increased significantly above the $880 million to $2.4 billion range.

A more accurate reflection of costs would require a clear definition of the needs criteria and some indication of how the VA intends to implement the legislation. If such information becomes available before the bill is reported, CBO will attempt to incorporate it into its section 403 cost estimate.

[No. 135]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., August 31, 1976.

Hon. VANCE HARTKE,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This will respond to your request for the views of the Veterans' Administration on S. 2789, 94th Congress, a bill "To amend title 38, United States Code, to provide counseling for certain veterans; to permit acceleration of monthly educational assistance payments to veterans; to revise the criteria for approval of nonaccredited courses; and for other purposes."

This measure has three primary purposes. First, it would set forth in section 1663 of title 38, United States Code, fairly detailed requirements to be applied by the Administrator in providing counseling to veterans. Second, it would permit veterans pursuing full-time programs of institutional training to apply and have their monthly educational assistance allowances accelerated up to a maximum of 100 percent and to have their educational entitlement charged proportionally. Third, it would impose certain new criteria on the approval of nonaccredited courses offered by educational institutions.

Counseling is already available to any veteran who requests such assistance and every effort is made to provide counseling promptly. Counseling is not, however, necessary in the case of every veteran training under the GI bill.

Vocational and educational counseling will help a veteran develop a program consistent with his or her aptitudes, abilities, and limitations—a program that may be expected to enable the veteran to realize his or her objective. This includes use of psychological instruments that evaluate intelligence, aptitude, interest, and personality. This information is used in conjunction with other data developed in the course of the veteran's counseling in planning the veteran's program.

The types of counseling that would be written into law, by this measure are already being utilized by the Veterans' Administration. We are unable to see any benefit to be gained by writing these procedures into law. We, therefore, oppose this section of S. 2789.

We are greatly concerned with the second section of the measure. This would permit acceleration of a veteran's monthly educational assistance allowance up to twice the amount now allowed with proportional charge against the veteran's entitlement.

Under the proposal, the veteran would be required to be enrolled in a full-time institutional program, would be required to apply for acceleration, and would be required to submit certain financial information to the Administrator (similar to that now required in conjunction with our educational loan program). Approval of acceleration would be granted only if the veteran demonstrated a need for the additional assistance and it was shown that the veteran's predetermined and identified educational, professional objective could be accomplished within his or her available entitlement period.

Public Law 89-358, the Veteran's Readjustment Benefits Act of 1966, established a program of educational assistance for eligible veterans who served on active duty in the Armed Forces after January 31, 1955. It provides for an educational assistance allowance to help meet, not fully cover, the expenses incurred by veterans in training. This is the same philosophy that applied to the Korean conflict GI bill program. It was designed to prevent abuses which occurred during the World War II program and to give the veteran a financial interest in his own training.

We believe that permitting a veteran to accelerate his or her monthly assistance payment would, in many cases, defeat the stated Congressional objective of the GI bill program. While acceleration might prove of some assistance to those veterans who have considerable entitlement, but desire only short-term training, we believe it could be very detrimental to those veterans who wish to pursue a 4-year educational program. In the latter case, if the veteran were permitted to receive the higher monthly benefit, he or she could very readily run out of entitlement before attaining the objective sought; thus, in many cases, wasting the educational benefit designed to take the veteran through the end of his or her program.

The current proposal does provide three safeguards in that it would not permit the monthly payment to exceed twice the monthly rate; would require the veteran to establish need; and would require the veteran to demonstrate the ability to attain his or her objective within the amount of entitlement available to such veteran. Nevertheless, even with these potential safeguards, we believe there exists the distinct possibility of a serious waste of educational funds where veterans are induced to enter programs to obtain greatly enhanced financial benefits with little or no intention of pursuing an educational program. We believe this proposal would open our programs to further abuse and we, therefore, strongly oppose this section of the bill.

The third section of S. 2789 would restate in the law, with certain modifications and additions, those provisions of subsections (b) and (c) of section 1776 of title 38 that relate to the approval of nonaccredited courses offered by educational institutions. A large number of the provisions are already contained in current law. The changes which are contained in the proposal are, for the most part, slight modifications and new additions.

We believe that the new requirements set forth in proposed clause (6) of subsection (b) relating to testing, counseling and admissions procedures, policies and standards designed to determine an eligible veteran's educational, financial, intellectual, and physical aptitudes and abilities to successfully complete the course and attain and maintain employment in the field for which trained, are too broad and too vague and would prove to be administratively infeasible. The requirement in clause (4) of subsection (c), which requires equating military experience with civilian standards, would, in many cases, not be feasible to administer since they often would not be comparable.

These are only a few examples of the changes made. We do not believe that these additional requirements should be imposed and we, therefore, oppose this section of the measure.

It is estimated that enactment of this measure would result in a magnitude cost estimate of approximately $1.7 billion in fiscal year 1977 and an overall magnitude cost of approximately $6.8 billion for the first 5 fiscal years.

Following is a table setting forth our magnitude cost estimate by fiscal year and by trainees:

	Trainees	Direct benefits cost (in millions)
Fiscal year:		
1977	662, 500	$1, 740. 4
1978	612, 500	1, 609. 1
1979	476, 320	1, 247. 4
1980	445, 100	1, 165. 7
1981	413, 900	1, 084. 0
5-yr total		6, 846. 6

We do not have any real hard data upon which to base a firm cost estimate. We have, therefore, made the following assumptions in reaching the magnitude cost estimate set forth above:

a. Affected veterans will be comprised of full-time institution of higher learning, vocational, technical, and high school training;

b. 55 percent of the institution of higher learning trainees are enrolled in 2-year colleges, and 45 percent in 4-year colleges;

c. Of veterans on the rolls as full-time institution of higher learning trainees:

(1) 20 percent of those who were not high school graduates upon original entrance into training would benefit;

(2) 25 percent of those who were high school graduates upon original entrance and are enrolled in a 4-year college will benefit as will 35 percent of those enrolled in a 2-year college;

(3) 40 percent of those who had 1 or more years of college upon original entrance will benefit;

d. 45 percent of on-roll, full-time trainees enrolled in vocational, technical, and high schools will benefit;

e. 50 percent of on-roll, three-quarter-time trainees will shift to full time to receive the increased benefits as will 25 percent of on-roll, half-time trainees;

f. A 6 percent increase above forecasted on-roll trainees from the pool of eligibles (suction) will occur;

g. In the out-years, 40 percent of projected original entrances will benefit;

h. Average yearly entitlement usage for institution of higher learning trainees is 7.5 months, and for vocational, technical, and high school trainees, 6.9 months.

i. Average unused entitlement would approximate 15 months, therefore those who accelerate could be expected to expend their entitlement in 2 years; and

j. An effective date of October 1, 1976.

For the foregoing reasons, the Veterans Administration opposes the enactment of S. 2789.

We are advised by the Office of Management and Budget that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

RICHARD L. ROUDEBUSH,
Administrator.

94TH CONGRESS
2D SESSION

S. 2995

IN THE SENATE OF THE UNITED STATES

FEBRUARY 18, 1976

Mr. INOUYE introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

A BILL

To amend chapter 35 of title 38, United States Code, to permit children who are eligible for educational assistance under such chapter to pursue a program of education under such chapter exclusively by correspondence.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1734(b) of title 38, United States Code, is amended by striking out "wife or widow" and inserting in lieu thereof "person".

II

[No. 128]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., August 6, 1976.

Hon. VANCE HARTKE,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This will respond to your request for a report by the Veterans' Administration on S. 2995, 94th Congress, a bill "To amend chapter 35 of title 38, United States Code, to permit children who are eligible for educational assistance under such chapter to pursue a program of education under such chapter exclusively by correspondence."

The bill would amend section 1734(b) of title 38 to extend to children, as well as wives and widows, the opportunity of pursuing correspondence training under chapter 35 of such title.

The War Orphans' Educational Assistance Act of 1956 (Pub. L. 634, 84th Cong.) had as its purpose the providing of educational opportunities for those children whose education would be impeded or interrupted by reason of the death of the veteran parent by reason of a disease or injury incurred in or aggravated by service in the Armed Forces during World War I, World War II, or the Korean conflict.

Since 1956, subsequent enactments have enlarged the purpose of the original law, with respect to children, by providing educational and special restorative training assistance to the children of those veterans who died as the result of a disease or injury incurred or aggravated by service after the beginning of the Spanish-American War and to children of veterans who were permanently and totally disabled as the result of a service-connected disability incurred in line of duty after the beginning of the Spanish-American War, and to the children of servicemen who are prisoners of war, missing in action, or interned or detained by foreign governments.

Benefits under the original law were barred based upon enrollment of the child in any course which was avocational or recreational in character, apprenticeship or other on-job training, on-farm training, flight training (other than that pursued at an institution of higher learning for which credit is given), courses pursued by correspondence, television or radio, or any course to be pursued at an educational institution not located in a State. Subsequent laws have expanded the benefits available to children to include on-job and apprentice training, but the legislative history of this law reflects a consistent pattern in opposition to the providing of eligibility for correspondence training as would be authorized by this bill.

The Veterans' Administration believe that Federal assistance under chapter 35 is best directed toward institutional training and job training.

Experience with the correspondence training programs currently provided veterans, wives, and widows indicates that the incidence of failure to complete courses undertaken by correspondence is much higher than for academic courses, with only 41 percent of those enrolled in correspondence courses completing their program. It is important to note that the 41 percent completion rate is an average and includes complex, technical courses with completion rates as low as 5 percent, as well as courses with simple material with completion rates up to 60 percent. Correspondence courses generally are taken by persons who are employed full time, indicating they are being utilized for purposes other than gaining the education required for basic employment, as intended.

Because correspondence courses have proved unsatisfactory in meeting the needs they are designed to serve, the Administration has proposed legislation which would terminate the current correspondence training program for veterans, wives, and widows. This measure has been introduced in the Senate as S. 3109. We would urge that consideration be given by the Committee to enactment of this measure.

We think correspondence courses would prove even less effective in meeting the needs of children participating in VA education programs. The element of self-discipline and the need for the student to force continued attention to study in view of interruptions in the home would be an added burden for many children. It is believed that the thrust of S. 2995 is inconsistent with the purpose of providing these children with the best possible educational opportunities to enable them to achieve a comfortable standard of living.

If this measure were to be enacted, eligible children would be solicited to enroll in technical fields such as electronics, as well as those in office skills such as bookkeeping, typing, and accounting. However, our modern technology, even in areas such as bookkeeping, record controls, and related office activities, now require skills, proficiency, and knowledge of the utilization of technical equipment used in accomplishing these functions. Correspondence courses would not provide the technical training required for operation of such equipment. It is our view that a more substantial training or educational program is required to provide these children with the opportunity for a productive place in society. We believe that this can be accomplished to a greater degree if their education is pursued at the college level or through vocational technical opportunities, as permitted under current law.

It is estimated that enactment of S. 2995 would result in added direct benefits cost (assuming an effective date of October 1, 1976) of $394,000 in fiscal year 1977, and a total added direct benefits cost of $1,675,000 over the first 5 fiscal years. A detailed breakdown of estimated costs over the first 5 fiscal years, including potential numbers of trainees, follows:

Fiscal year	Trainees	Direct benefits cost
1977	1,090	$394,000
1978	981	354,000
1979	967	349,000
1980	856	309,000
1981	746	269,000
Total 5-yr cost		1,675,000

In making these cost estimates, we have utilized the following assumptions:

a. An effective date of October 1, 1976;

b. Participation in correspondence training by children would be at a lesser rate than wives and widows since the age of each group would tend to separate the younger parties toward IHL training and the older parties toward training which would not require full-time training; and

c. An average cost per year of $361.

After making these assumptions, the correspondence participation rate of wives and widows was computed by dividing projected correspondence trainees (wives and widows) by projected cases (wives and widows). This was done for each fiscal year. This rate was then reduced to reflect the second assumption, resulting in a projected participation rate for children which was applied to projected children's cases for each fiscal year. This resulted in the projected trainees set forth above, which were then multiplied by the average cost set forth in the third assumption, thereby producing the cost figures set forth above.

For the foregoing reasons, the Veterans' Administration opposes the enactment of S. 2995.

We are advised by the Office of Management and Budget that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

RICHARD L. ROUDEBUSH,
Administrator.

[No. 129]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., August 9, 1976.

Hon. VANCE HARTKE,
Chairman, Committee on Veterans' Affairs, U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request of February 25, 1976 for the views of this Office on S. 2995, a bill "To amend chapter 35 of title 38, United States Code, to permit children who are eligible for educational assistance under such chapter to pursue a program of education under such chapter exclusively by correspondence."

In its report to your Committee on S. 2995, the Veterans' Administration explains its reasons for recommending against favorable action on the bill. We concur in the views expressed in the report of the Veterans' Administration and, accordingly, recommend against the enactment of S. 2995.

Sincerely,

JAMES M. FREY,
Assistant Director for
Legislative Reference.

(1)

94TH CONGRESS
2D SESSION

S. 3225

IN THE SENATE OF THE UNITED STATES

MARCH 30, 1976

Mr. HANSEN (by request) introduced the following bill; which was read twice and referred to the Committee on Veterans' Affairs

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A BILL

To amend title 38, United States Code, to extend the period of time during which seriously disabled veterans may be afforded vocational rehabilitation training; to make improvements in the educational assistance programs; and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1503 (c) of title 38, United States Code, is amended by striking out ", but not beyond ten years after such termination date, or June 30, 1975, whichever date is the later," and inserting in lieu thereof "when this is determined by the Administrator to be necessary for such veteran based upon the veteran's disability and need for vocational rehabilitation,".

II

SEC. 2. Section 1511 of title 38, United States Code, is amended by adding at the end thereof the following: "Notwithstanding any other provision of law, the facilities of any agency of the United States, as designated in clause (3) of this section, may be used to provide unpaid training of work experience as part or all of a veteran's program of vocational rehabilitation when the Administrator determines this to be necessary to accomplish vocational rehabilitation. While pursuing such training in Federal facilities, an uncompensated veteran shall be deemed an employee of the United States for the purposes of the benefits of chapter 81 of title 5 but not for the purposes of laws administered by the Civil Service Commission.".

SEC. 3. Section 1673 of title 38, United States Code, is amended by—

(1) striking out "or" at the end of subsection (a) (2)";

(2) striking out the period at the end of subsection (a) (3) and inserting in lieu thereof "; or";

(3) adding at the end of subsection (a) a new clause (4) as follows:

"(4) any independent study program except one leading to a standard college degree.";

(5) striking out in subsection (d) "which does not lead to a standard college degree and which is offered by

a proprietary profit or proprietary nonprofit educational institution"; and

(6) inserting in subsection (d) immediately after "paid to or for them by the educational institution" the following: "by grants from any Federal agency,".

SEC. 4. Section 1674 of title 38, United States Code, is amended by inserting immediately after the first sentence thereof the following: "Progress will be considered unsatisfactory at any time the eligible veteran is not progressing at a rate that will permit such veteran to graduate within the approved length of the course based on the training time as certified to the Veterans' Administration.".

SEC. 5. Section 1682 of title 38, United States Code, is amended by adding a new subsection (e) at the end thereof as follows:

"(e) The educational assistance allowance of an eligible veteran pursuing an independent study program which leads to a standard college degree shall be computed at the rate provided in subsection (b) (2) of this section. In those cases where independent study is combined with resident training and the resident training constitutes the major portion of such training, the maximum allowance may not exceed the full-time institutional allowance provided under subsection (a) (1) of this section.".

Sec. 6. Section 1723 (a) of title 38, United States Code, is amended by—

(1) striking out "or" at the end of clause (2);

(2) striking out the period at the end of clause (3) and inserting in lieu thereof "; or"; and

(3) adding at the end thereof a new clause (4) as follows:

"(4) any independent study program except one leading to a standard college degree.".

Sec. 7. Section 1724 of title 38, United States Code, is amended by inserting immediately after the first sentence thereof the following: "Progress will be considered unsatisfactory at any time an eligible person is not progressing at a rate that will permit such person to graduate within the approved length of the course based on the training time as certified to the Veterans' Administration.".

Sec. 8. Section 1732 (c) of title 38, United States Code, is amended by adding a new paragraph (3) at the end thereof as follows:

"(3) The monthly educational assistance allowance to be paid on behalf of an eligible person pursuing an independent study program which leads to a standard college degree shall be computed at the rate prescribed in section 1682 (e) of this title.".

Sec. 9. Section 1775 (a) of title 38, United States

Code, is amended by striking out the period at the end thereof and inserting in lieu thereof "which must be certified as true and correct in content and policy by an authorized representative of the school. The catalog or bulletin must specifically state its progress requirements for graduation.".

SEC. 10. Section 1780(a) of title 38, United States Code, is amended by—

(1) striking out "or" at the end of clause (1);

(2) striking out the period at the end of clause (2) and inserting in lieu thereof ";" and

(3) inserting immediately after clause (2) the following new clauses:

"(3) to any eligible veteran or person for auditing a course;

"(4) to any eligible veteran or person for a course for which the grade assigned is not used in computing the requirements for graduation including a course from which the student withdraws unless there are mitigating circumstances beyond his control; and

"(5) to any eligible veteran or person for pursuit of the correspondence portion of a combination correspondence-residence course leading to a vocational objective.".

SEC. 11. Section 1784(a) of title 38, United States

Code, is amended by adding at the end thereof the following: "The date of interruption or termination will be the last date of pursuit or in the case of correspondence training the last date a lesson was serviced by the school.".

SEC. 12. Section 1789 of title 38, United States Code, is amended by—

(1) inserting at the end of subsection (b) (3) "or";

(2) repealing subsection (b) (4);

(3) redesignating subsection (b) (5) as subsection (b) (4); and

(4) adding at the end thereof a new subsection (c) as follows:

"(c) Notwithstanding the provisions of subsection (b) (1), (2), and (3) of this section, the provisions of subsection (a) shall apply to any course offered by a branch or extension of—

"(1) a public or other tax-supported institution where the branch or extension is located outside of the area of the taxing jurisdiction providing support to such institution; or

"(2) a proprietary institution where the branch or extension is located beyond the normal commuting distance of such institution.".

SEC. 13. Section 1793 of title 38, United States Code, is repealed.

SEC. 14. The table of sections at the beginning of chapter 36 of title 38, United States Code, is amended by striking out

"1793. Institutions listed by Attorney General.".

[No. 136]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

Veterans' Administration,
Office of the Administrator of Veterans Affairs,
Washington, D.C., August 23, 1976.

Hon. Vance Hartke,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

Dear Mr. Chairman: This will respond to your request for a report by the Veterans' Administration on S. 3225, 94th Congress, a bill "To amend title 38, United States Code, to extend the period of time during which seriously disabled veterans may be afforded vocational rehabilitation training; to make improvements in the educational assistance programs; and for other purposes."

This measure would make a number of improvements in the educational programs administered by the Veterans' Administration and would close a number of loopholes in present law which have developed.

Section 1 of the bill would amend section 1503(c) of title 38, United States Code, to repeal the June 30, 1975, termination date set in current law for the training of blinded and seriously disabled veterans of World War II and the Korean conflict. The proposal would, instead, provide discretionary authority under which the Administrator could extend entitlement for such periods as he deems appropriate.

As a result of the June 30, 1975, termination date, some seriously disabled veterans then in training were cut off from Veterans' Administration benefits before they had completed the training they needed to regain employability. In addition, seriously disabled veterans of these war periods who have not yet entered training, but who will need training in the years ahead, such as those whose disability has prevented their entrance into training, and those whose service-connected conditions have worsened, would be aided by the proposed change in the law.

It is our view that the substitution of the discretionary authority would permit the Veterans' Administration to aid those deserving veterans in regaining employability, and we therefore favor this section of the bill.

Section 2 of the measure would amend section 1511 of title 38 to permit chapter 31 (disabled veterans) trainees to be trained in facilities of a Federal agency on an uncompensated basis. While pursuing such training, the veteran would not be considered a Federal employee for the purposes of laws administered by the Civil Service Commission, that is, annual leave, sick leave, retirement, insurance, etc., but would be considered a Federal employee for the purposes of chapter 81 of title 5, United States Code, thereby receiving benefits if he were injured on the job.

Under the provisions of the Fair Labor Standards Act, chapter 31 trainees may not be utilized as unpaid employees. In the enactment of Public Law 93-112, the "Rehabilitation Act of 1973," the Congress permitted State vocational trainees to be utilized in Federal facilities on an unpaid basis without coverage under the Federal Employees Compensation Act. Under the change proposed here, chapter 31 disabled veterans would have available to them: (a) The same potential training facilities with Federal agencies now granted to State trainees, thus affording them increased opportunity for Federal employment, and (b) coverage under the Federal Employees Compensation Act. We feel that severely disabled veterans in the chapter 31 program should be given the opportunity to prove that they are competent employees without charge to the employing agency, and, therefore, we approve that part of section 2 which would exempt chapter 31 trainees from the purposes of laws administered by the Civil Service Commission. However, since these trainees would not be paid a wage, and are similar in that respect to the State vocational trainees mentioned above, we feel that it is not within the intent of the Federal Employees Compensation Act to provide coverage in that circumstance. Therefore, we do not support that portion of section 2 which would provide coverage under chapter 81 of title 5.

Section 3 of the measure (as well as section 6 which is applicable to dependents) contains changes which would have the effect of barring approval of the enrollment of veterans in any independent study program except one leading to a standard college degree. They would also require that all courses, except those provided educational disadvantaged veterans and servicemen training under the Predischarge Education Program (PREP) be subject to the so-called 85–15 rule.

Turning first to the question of independent study programs, we would point out that, at the time the current GI bill program was enacted in 1966, the concept of independent study was not specifically considered by the Congress. Although this form of study has been available at some universities for a number of years, it has not, until recently, presented problems which could not be handled through regulatory processes. For example, the Veterans' Administration has paid benefits at the resident rate for this training since 1967.

In December 1974, however, because of abuses of the program which came to light, the concept of payment was changed by regulation. It has always been the position of the Veterans' Administration that only programs of independent study leading to a standard college degree should be considered as appropriate training under the GI bill. For these reasons, we favor the proposed changes made by this portion of section 3 as well as section 6 of the bill.

Section 3 would also provide that all courses offered by educational institutions would be subject to the so-called 85–15 rule. Under current law (which has been in effect for many years), eligible veterans are barred from enrolling in courses not leading to a standard college degree offered by proprietary profit or proprietary nonprofit educational institutions, where more than 85 percent of the students enrolled therein are having all or part of their tuition, fees, or other charges paid to or for them by the educational institution or by the Veterans'

Administration. The change proposed in this section of the measure would extend the 85–15 rule requirement to courses offered by all educational institutions and would include grants made to students from any Federal agency. This would include grants such as the Basic Educational Opportunity Grants and the Supplemental Educational Opportunity Grants made by the Department of Health, Education, and Welfare. These are grants which do not have to be repaid by the recipient. The exemption for educationally disadvantaged and PREP courses would be continued.

A number of accredited institutions of higher learning have recently opened branch locations in areas for distant from their main campuses. The recruiting for these branch locations has been directed exclusively at veterans. It is our position that, if an institution of higher learning cannot attract sufficient nonveteran and nonsubsidized students to its programs, it presents a great potential for abuse of our GI educational programs. Thus, we also favor the second change proposed in this section, but would recommend that the provision be amended to allow discretion in the Administrator to waive the 85–15 requirement in the case of the HEW grant programs cited above.

Sections 4 and 7 of the bill propose to amend sections 1674 and 1723, respectively, of title 38 to add a new definition of unsatisfactory progress to be applied to both the veterans and the dependents programs. During compliance surveys of schools conducted by the Veteran's Administration, many cases have been discovered whereby students register for class, receive educational benefits from the Veterans' Administration, fail to attend class, and immediately prior to the final examination for the course, withdraw from the class. They then register for the same class the next school term.

We believe that the addition of this provision to the law will have the beneficial effect of curbing this abuse and will permit us to terminate benefits under such circumstances. We, therefore, favor these provisions of S. 3225.

Sections 5 and 8 of the bill would amend sections 1682 and 1732 of title 38 to incorporate into law the present rates payable under our regulations for pursuit of independent study courses. These changes would gear the payment rate to the amount of resident training pursued in conjunction with such a course. The changes would provide statutory support for the procedure presently being followed by the Veterans' Administration through our regulations. The changes proposed here, when taken into conjunction with the changes proposed in sections 3 and 6 of the bill (limiting pursuit by veterans and dependents to independent study courses leading to a standard college degree) would provide a better base for such pursuits and prevent abuses of the program. We, therefore, favor the changes proposed to be made by these sections of the measure.

Section 9 of S. 3225 would amend section 1775 of title 38 to require that a school's catalog be certified as correct by an authorized official of the school. The school's progress requirements for graduation must be stated in the catalog. During the past year, the Veterans' Administration amended its regulations to call for minimum standards of progress. The change proposed here would require schools to state these standards in their catalogs for specific aproval by the State approving agency. We favor this change.

Section 10 of the bill proposes to amend section 1780 of title 38 to make several changes designed to prevent abuses of the educational programs which we administer. The first two substantive changes in the law would prohibit payment of educational assistance benefits for courses that are audited by eligible veterans and eligible dependents and also bar payment of benefits for courses for which the student receives no grade. These two proposals, when taken in conjunction with the changes proposed to be made in the standards of progress (sections 4 and 7) provisions of title 38, would, if enacted, go a long way toward preventing many of the abuses of our educational programs which have been uncovered during compliance surveys of schools. We do not believe that a veteran or a dependent should be paid for pursuing courses that are not counted towards his or her educational or vocational objective. We, therefore, favor these two changes.

The other substantive change proposed by this section of the bill would bar the payment of the correspondence portion of a combined correspondence-resident training course. Correspondence benefits are paid for at the rate of 90 percent of the cost of the course without a maximum. The resident portion, on the other hand, is paid at a base rate of $270 for full-time training, or cost of course not to exceed $135 for less than half-time training.

It has been determined that, in the case of the majority of these combined courses, there has been front loading of the correspondence portion of the course in that the majority of the cost of the overall combined course is charged for this segment of the course. A relatively brief period of resident training is generally required following the taking of the correspondence lessons. It has been found that in many of these combined courses the correspondence portion of the program, for which the bulk of the charge is made, is of questionable value. This change would prevent the abuse which, has occurred in these courses and is favored by the Veterans' Administration.

Section 11 of S. 3225 would amend section 1784 of title 38 to provide that the date of interruption or termination of an eligible veteran's or eligible dependent's enrollment in a program of education shall be the last date he pursued such course or, in the case of correspondence training, the date the last lesson was serviced by the school.

This provision is another move to attempt to prevent abuses of our educational programs. It would place in statutory language requirements which we have currently imposed in regulatory form. The change would have the effect of setting the specific date beyond which benefits could not be paid to veterans or dependents. We also favor this provision of the bill.

Section 12 of the proposal would make a series of changes in section 1789 of title 38. The first substantive change would be to repeal the exemption from the so-called 2-year operation requirement currently applicable to accredited, nonprofit institutions. The second substantive change would be the addition of two new subsections which would (a) apply the 2-year operation requirement to branches or extensions of public or other tax-supported schools when such branches or extensions are located outside the taxing jurisdiction of the public or other tax-supported school; and (b) apply the 2-year operation requirement to branches or extensions of proprietary institutions where such branches or extensions are located beyond the normal commuting distance of the main campus.

In recent months, a number of instances have been brought to our attention which represent abuses of our educational programs. Some of these cases involved contracting between nonprofit schools and profit schools or organizations whereby courses designed by the latter are offered by the nonprofit, accredited school on a semester- or quarter-hour basis. In others, there are arrangements between nonprofit, accredited schools and outside profit firms whereby the latter, for a percentage of the tuition payment, perform recruiting services primarily for the establishing of these branch locations for the school. These recruiting efforts are aimed almost exclusively at veterans.

It is our view that the changes proposed by this section of the bill would aid in curtailing abuses of our programs and for that reason we favor them.

Section 13 of the bill would repeal section 1793 of title 38. Current law requires the Veterans' Administration to disapprove the enrollment of veterans in certain institutions listed by the Attorney General as being subversive. The requirement for the maintaining of such a list was abolished some years ago by Executive Order 11785. Thus, this section of the law is now obsolete, and we favor its removal from title 38.

Section 14, the last section of the bill, is one that is technical in nature. It merely reflects the change to be made in the table of sections at the beginning of chapter 36 of title 38 to delete the reference to section 1793 that would be repealed by section 13.

In summary, with the limited exceptions cited above on those provisions of section 2 and 3 of the bill relating to FECA coverage for certain vocational trainees, and waiver in certain cases of the application of the 85–15 rule, we favor the provisions of S. 3225.

It is estimated that enactment of section 1 of S. 3225 would result in additional direct benefits cost of $1.5 million in fiscal year 1977 and in additional direct benefits cost of $6.9 million over the first 5 fiscal years. A detailed breakdown of the estimated cost of this section of the measure by fiscal year follows:

Fiscal year:	*Trainees*	*Cost (millions)*
1977	475	$1.5
1978	450	1.5
1979	425	1.4
1980	400	1.3
1981	375	1.2
Total		6.9

The estimate of the cost of this section of the bill was arrived at by taking the number of chapter 31 trainees who might benefit from this proposal and multiplying this number by the average cost of chapter 31 training. An effective date of October 1, 1976, was assumed.

Because of the lack of definitive data on which to cost sections 2–13 of the proposal, we are unable to provide the Committee with an estimate concerning these sections. However, since the provisions would assist in eliminating many of the abuses which have been detected in our educational programs, we believe that some savings would result.

For the foregoing reasons, the Veterans' Administration, with the exceptions noted above, favors the enactment of S. 3225.

We are advised by the Office of Management and Budget that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

A. J. Schultz, Jr.,
Associate Deputy Administrator,
(In the absence of
Richard L. Roudebush, Administrator).

[No. 134]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., August 30, 1976.

Hon. VANCE HARTKE,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your request of April 1, 1976, for the views of this Office on S. 3225, a bill, "To amend title 38, United States Code, to extend the the period of time during which seriously disabled veterans may be afforded vocational rehabilitation training; to make improvements in the educational assistance programs; and for other purposes."

In its report to your Committee on S. 3225, the Veterans' Administration indicates that it favors the provisions of S. 3225, with suggested changes in sections 2 and 3 of the bill. We concur with the views expressed by the VA in its report and, accordingly, favor the enactment of S. 3225, amended as recommended by VA.

Sincerely,

JAMES M. FREY,
Assistant Director for Legislative Reference.

(1)

94TH CONGRESS
1ST SESSION

H. R. 9576

IN THE SENATE OF THE UNITED STATES

OCTOBER 7 (legislative day, SEPTEMBER 11), 1975

Read twice and referred to the Committee on Veterans' Affairs

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AN ACT

To amend title 38 of the United States Code in order to set a termination date for veterans' educational benefits under chapters 34 and 36 of such title, to extend the maximum educational benefits to forty-five months under chapter 34 of such title, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1652 (a) (1) of title 38, United States Code, is amended to read as follows—

"(a) (1) The term 'eligible veteran' means any veteran who (A) served on active duty for a period of more than 180 days any part of which occurred after January 31, 1955, and before January 1, 1976, and who was discharged or

II

released therefrom under conditions other than dishonorable; or (B) was discharged or released from active duty, any part of which was performed after January 31, 1955, and before January 1, 1976, because of a service-connected disability.".

SEC. 2. Section 1661 of title 38, United States Code, is amended—

(1) by amending subsection (a) to read as follows:

"(a) Except as provided in subsection (c) and in the second sentence of this subsection, each eligible veteran shall be entitled to educational assistance under this chapter or chapter 36 for a period of one and one-half months (or the equivalent thereof in part-time educational assistance) for each month or fraction thereof of his service on active duty after January 31, 1955, and before January 1, 1976. If an eligible veteran has served a period of 18 months or more on active duty after January 31, 1955, and has been released from such service under conditions that would satisfy his active duty obligation, he shall be entitled to educational assistance under this chapter for a period of 45 months (or the equivalent thereof in part-time educational assistance). In the case of any person in the active military service in the Armed Forces on December 31, 1975, the ending date for computing such person's entitlement shall be the date of such person's first discharge or release after December 31, 1975."; and

(2) by amending subsection (c) thereof to read as follows:

"(c) Except as provided in subsection (b) and in subchapters V and VI of this chapter, no eligible veteran shall receive educational assistance under this chapter in excess of forty-five months.".

SEC. 3. Section 1662 of title 38, United States Code, is amended by adding at the end thereof the following new subsection:

"(e) In no event shall educational assistance be afforded to any eligible veteran under this chapter or chapter 36 of this title after December 31, 1987.".

SEC. 4. (1) Section 1681(b) of title 38, United States Code, is amended by adding at the end thereof the following new sentence: "Notwithstanding the foregoing, where an eligible veteran, who is pursuing a course leading to a standard college degree, transfers between consecutive school terms from one approved institution to another approved institution for the purpose of enrolling in and pursuing a similar course at the second institution, the veteran shall, for the purpose of entitlement to the payment of the educational assistance allowance under this chapter, be considered to be enrolled at the first institution for a period of time not to exceed thirty calendar days following the termination date of the school term of the first institution.".

(2) Section 1731 (a) of title 38, United States Code, is amended by adding at the end thereof the following new sentence: "Notwithstanding the foregoing, where an eligible person, who is pursuing a course leading to a standard college degree, transfers between consecutive school terms from one approved institution to another approved institution for the purpose of enrolling in and pursuing a similar course at the second institution, the eligible person shall, for the purpose of entitlement to the payment of the educational assistance allowance under this chapter, be considered to be enrolled at the first institution for a period of time not to exceed thirty calendar days following the termination date of the school term of the first institution.".

SEC. 5. (a) Subchapter I of chapter 37 of title 38, United States Code, is amended by adding at the end thereof the following new section:

"§ 1807. Service after July 25, 1947, and prior to June 27, 1950

"Each veteran whose only active duty service occurred after July 25, 1947, and prior to June 27, 1950, and who—

"(1) served for a period of more than 180 days and was discharged or released therefrom under conditions other than dishonorable; or

"(2) served for a period of less than 180 days and was discharged for a service-connected disability; shall be eligible for the benefits of this chapter.".

(b) The table of sections for subchapter I of chapter 37 of title 38, United States Code, is amended by adding at the end thereof the following new item:

"1807. Service after July 25, 1947, and prior to June 27, 1950.".

SEC. 6. Section 1818 (a) of title 38, United States Code, is amended to read as follows:

"(a) Each veteran who served on active duty, any part of which occurred after January 31, 1955, and who—

"(1) served for a period of more than 180 days and was discharged or released therefrom under conditions other than dishonorable;

"(2) has served more than 180 days in an active duty status and continues on active duty without a break therein; or

"(3) was discharged or released from active duty after such date for a service-connected disability;

shall be eligible for the benefits of this chapter, subject to the provisions of this section.".

SEC. 7. (a) Subchapter VI of chapter 34 of title 38, United States Code, is repealed.

(b) The table of sections at the beginning of chapter 34 of title 38, United States Code, is amended by striking out the following:

"SUBCHAPTER VI—PREDISCHARGE EDUCATION PROGRAM

"1695. Purpose; definition.
"1696. Payment of educational assistance allowance.
"1697. Educational and vocational guidance.
"1697A. Coordination with and participation by Department of Defense.".

(c) Notwithstanding the provisions of subsection (a) of this section, any eligible person enrolled in and pursuing a course or courses under the provisions of subchapter VI of chapter 34, title 38, United States Code, on the day before the effective date of this Act, shall be permitted to continue to pursue such course or courses through the end of the period for which he is enrolled.

SEC. 8. Section 2108 of title 5, United States Code, is amended by striking out in paragraph (1) (B) "after January 31, 1955," and inserting in lieu thereof "any part of which occurred after January 31, 1955, and before May 8, 1975,".

SEC. 9. This Act shall take effect on the date of enactment.

Passed the House of Representatives October 6, 1975.

Attest: W. PAT JENNINGS,
Clerk.

94TH CONGRESS
1st Session

HOUSE OF REPRESENTATIVES

REPORT
No. 94-487

VETERANS' READJUSTMENT ASSISTANCE AMENDMENTS OF 1975

SEPTEMBER 18, 1975.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. ROBERTS, from the Committee on Veterans' Affairs submitted the following

REPORT

Together with

DISSENTING VIEWS

[To accompany H.R. 9576]

The Committee on Veterans' Affairs, to whom was referred the bill (H.R. 9576) to amend title 38 of the United States Code in order to set a termination date for veterans' educational benefits under chapters 34 and 36 of such title, to extend the maximum educational benefits to forty-five months under chapter 34 of such title, and for other purposes, having considered the same, report favorably thereon, by voice vote, without amendment and recommend that the bill do pass.

INTRODUCTION

On May 7, 1975, the President issued a Proclamation terminating the Vietnam War. A copy of the Proclamation follows:

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A Proclamation

The Congress has provided that entitlement to certain veterans benefits be limited to persons serving in the Armed Forces during the period, beginning August 5, 1964, referred to as the Vietnam era. The President is authorized to determine the last day on which a person must have entered the active military, naval, or air service of the United States in order for such service to qualify as service during that period.

The signing of the cease-fire agreements and implementing protocols on January 27, 1973, between the United States of America and the Republic of Vietnam, on the one hand, and the Democratic Republic of Vietnam and the Provisional Revolutionary Government of the Republic of South Vietnam on the other hand, has terminated active participation by the Armed Forces of the United States in the Vietnam conflict.

Now, therefore, I, Gerald R. Ford, President of the United States of America, by virtue of the authority vested in me by Section 101(29) of Title 38 of the United States Code, do hereaby proclaim, for the purposes of said Section 101(29), that May 7, 1975, is designated as the last day of the "Vietnam era."

IN WITNESS WHEREOF, I have hereunto set my hand this seventh day of May in the year of our Lord nineteen hundred seventy-five, and of the Independence of the United States of America the one hundred ninety-ninth.

GERALD R. FORD.

In issuing the proclamation the President said:

> "Two years have passed since the last American troops left Vietnam. Shortly after our withdrawal, draft inductions were terminated. We established an All-Volunteer Armed Force with the highest pay in history. For the first time, the Nation's youth could look to the military for jobs fully competitive with civilian job alternatives.
>
> America is no longer at war. But peacetime military volunteers have remained fully eligible for all the wartime veteran benefits designed to reward those who entered service during the period of actual hostilities in Vietnam.
>
> The time has now come to terminate wartime benefits which apply to the new peacetime volunteers. This is consistent with action taken by earlier Presidents in ending wartime veterans benefits after World War II and the Korean Conflict.
>
> Today, therefore, I have issued a Proclamation terminating on May 7, 1975, the eligibility period for those Vietnam war benefits that the President is empowered by law to end. At the same time, I am submitting appropriate legislation to the Congress requesting the termination of the eligibility period for G.I. Bill education and training benefits—an action that is solely the prerogative of the Congress.
>
> These actions primarily concern future peacetime volunteers who are neither disabled nor die in service. I want to emphasize that the termination actions will in no manner impair the eligibility for full wartime benefits of the more than 7 million Vietnam-era veterans already discharged, or those presently serving in our Armed Forces.
>
> Future veterans disabled in service will continue to receive Veterans Administration compensation and other service-connected benefits on an absolute par with present wartime benefits. Families of those who die in service will receive the same service-connected benefits available to families of veterans of wartime service.
>
> The period between the cessation of hostilities and the termination of eligibility for wartime veterans' benefits has al-

> ready extended longer in the case of Vietnam than for any prior war. For virtually all of our World War I military personnel, the benefit eligibility period ended with the November 11, 1918, Armistice. For World War II veterans, eligibility was terminated on most benefits December 31, 1946, some 16 months after the surrender of Japan. A Proclamation by President Eisenhower established a January 31, 1955, termination date for most of the Korean Conflict benefits. The Proclamation followed the signing of the Korean Armistice by 18 months.
>
> I believe the actions I have taken today make an equitable distinction between those who serve in time of war and those who serve in time of peace. These actions also guard the Nation against unwarranted future expenditures and will result in cumulative savings of $1.5 billion over the next five years after termination.

On the same day he issued the proclamation, the President transmitted to the Congress a proposed bill to set a termination date for veterans' educational benefits under chapters 34 and 36 of title 38, United States Code (H.R. 7726). Among other things, the proposed legislation would have terminated the eligibility period for GI education and training benefits for persons entering military service on July 1, 1975.

On May 7, 1975, the Chairman of your Committee and twenty-three other members of the Committee introduced a bill (H.R. 6806) to terminate the Vietnam era period of war for education and training benefits and other purposes.

On July 8, 1975, the Chairman of the Education and Training Subcommittee (Mr. Teague) introduced a bill (H.R. 8406) setting a termination date of August 31, 1975 for veterans' educational benefits under chapters 34 and 36 of title 38, and for other purposes.

The Subcommittee received testimony on these and related bills on July 28 from the following:

> Mr. Rufus H. Wilson, Chief Benefits Director of the Veterans Administration;
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> Mr. Donald H. Schwab, Acting Director, National Legislative Service, Veterans of Foreign Wars of the United States;
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> Mr. Mylio S. Kraja, Director, National Legislative Commission, and Mr. Robert E. Lyngh, Deputy Director, National Veterans Affairs and Rehabilitation and Economic Division, The American Legion;
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> Mr. Charles C. Garafino, State Coordinator for Maryland, representing the National Association of Concerned Veterans; and
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> Mr. Robert W. Nolan, National Executive Secretary, Fleet Reserve Association.

Testimony was also received from the Noncommissioned Officers Association of the United States of America, the American Association of State Colleges and Universities, the American Association of Community and Junior Colleges, and various Members of the Congress.

The Secretary of Defense was invited to testify; however, the Department did not respond to the invitation.

The full Committee ordered the bill reported to the House on September 11, 1975, by voice vote.

BACKGROUND OF THE BILL

The concept of Federal assistance for education and training first came into being when President Roosevelt was confronted with the necessity of drafting 18-year-olds. In its final form, the legislation went beyond education and training and included home, farm, and business loans; unemployment compensation; job placement assistance, and mustering-out pay. This five-part package became known as the World War II GI bill, and ultimately involved the expenditure in excess of $20 billion. It was officially designated the Servicemen's Readjustment Act of 1944, Public Law 346, 78th Congress, June 22, 1944. The year before, the Congress had enacted the Vocational Rehabilitation Act, Public Law 16, 78th Congress. It was the first major scholarship undertaking by the Federal Government and many serious problems developed early in the program.

When the Korean emergency arose, education and training and other benefits were extended to veterans of the Korean conflict. The Veterans' Readjustment Assistance Act of 1952 was enacted (Public Law 550, 82nd Congress).

In 1956, the war orphans' scholarship program was created—Public Law 634, 84th Congress. This program was patterned directly upon the Korean education and training program, in that all of the major administrative provisions of the two programs were incorporated to insure that a school training a veteran and a war orphan would not be confronted with two programs with varying procedures and regulations. In 1964, the war orphans' program was expanded by adding the children of 100-percent-disabled veterans to those eligible for this benefit—Public Law 88–361.

Public Law 89–358, the Veterans' Readjustment Benefits Act of 1966, established a program of educational assistance for eligible veterans who served on active duty with the Armed Forces after January 31, 1955. One of the main purposes of the bill was to provide vocational readjustment to those drafted into active military service and to restore lost educational opportunities to those servicemen and women whose careers were interrupted or impeded by reason of their active duty. Since March 3, 1966, when the Act became effective, Congress has passed several amendments liberalizing the current education and training program.

SUMMARY OF THE BILL

The bill as reported would: (1) set a termination date of December 31, 1975 in establishing eligibility for education and training benefits under chapters 34 and 36 of title 38; (2) extend the maximum educational benefits to forty-five months for all eligible veterans with requisite service under chapter 34 of title 38; (3) provide that those individuals in military service on December 31, 1975 would be permitted to accrue and utilize entitlement to educational benefits provided under current law until December 31, 1987, at which time the program would be finally ended; (4) repeal the Predischarge Education Program (PREP) with a savings provision for those currently enrolled; (5) provide that those individuals entering military service after December 31, 1975, would be permitted to accrue and utilize entitlement to benefits under the Veterans' Administration Home Loan Program, (6) provide entitlement to benefits under the Veterans' Administration Home Loan Program to individuals who entered military service after July 25, 1947, and prior to June 27, 1950, and (7) provide for payment of the educational assistance allowance in certain cases where a veteran or dependent transfers from one approved educational institution to another educational institution.

PURPOSE OF THE BILL

Termination Date For Veterans' Educational Benefits

The structure of veterans' laws which has developed over the past 200 years has been based on the concept of wartime and peacetime service. War veterans have been given substantially more benefits than peacetime veterans. This system worked very well through World War II. It was after World War II, when we entered the so-called cold war, that problems arose. It has been during this period that we have continued compulsory military service for an extended period of time for the first time in our history. During this period our Nation has gone through a series of crises associated first with our involvement in Korea, followed by Cuba, the Dominican Republic, Taiwan-Matsu, Lebanon, and Berlin. Then our Nation became involved in the hostilities of Vietnam. The Bay of Tonkin incident on August 5, 1964, precipitated a greatly increased U.S. military presence in Southeast Asia. The perpetual cold war condition and our involvement in Southeast Asia requiring a continuation of compulsory military service, made the Veterans' Readjustment Benefits Act of 1966 necessary.

Your Committee believes that with the termination of the draft on July 1, 1973, and the President's Proclamation of May 7, 1975 ending the Vietnam wartime period, it is appropriate to terminate the current educational readjustment program. The educational assistance programs for World War II and Korean conflict veterans, as well as those eligible under current law, have all been readjustment programs designed to help veterans to adjust from military to civilian life by affording them monetary aid to obtain an educational status they might normally have aspired to and obtained had they not served their country in wartime or national emergency. It was not contemplated that educational assistance was to be a continuing peacetime benefit.

The World War II veteran was eligible if he was on active duty on or before July 25, 1947, the official ending date for World War II. He had 4 years from the date of his separation from the service in which to commence his program of education and was allowed a period of 9 years from separation to use his entitlement. A final termination date of July 25, 1956 was set for the majority of World War II veterans.

The Korean Conflict was terminated by Presidential Proclamation on January 31, 1955. Public Law 7, 84th Congress was enacted, which permitted veterans with as little as one day of service prior to February 1, 1955, to accrue entitlement under the Korean program for the period of their service, up until the time of first discharge.

Since most enlistments were for a 3-year period, this meant that entitlement could be accrued considerably past the January 31, 1955 termination date. Korean veterans had 3 years following separation from service in which to commence, and 8 years from the date of such discharge in which to complete, their program of education. A final termination date of January 31, 1965 was set beyond which no benefits were permitted under that program.

Public Law 89–358, the Veterans' Readjustment Benefits Act of 1966, established a program of educational assistance for eligible veterans who served on active duty with the Armed Forces after January 31, 1955. Under current law each eligible veteran is entitled to educational assistance for a period of one and one-half months (or the equivalent thereof in part-time educational assistance) for each month or fraction thereof of his service on active duty after January 31, 1955. If an eligible veteran has served a period of 18 months or more on active duty after January 31, 1955, and has been released from such service under conditions that would satisfy his active duty obligation, he is entitled to educational assistance for a period of 36 months, plus an additional number of months, not exceeding nine, as may be utilized in pursuit of a program of education leading to a standard undergraduate college degree.

Under current law a veteran is not required to commence his program of education within a specific period of time following discharge or release from service. The only requirement is that the veteran complete his program of education within 10 years after June 1, 1966 or the date of his last discharge or release from active duty after January 31, 1955, whichever is later.

The bill, as reported, would provide that any individual entering service on and after January 1, 1976, would be barred from accruing any entitlement to educational benefits under the present GI Bill. Those individuals in military service on December 31, 1975 would be permitted to accrue and utilize entitlement to educational benefits provided under current law until December 31, 1987, at which time the program would be finally ended.

When the Veterans' Administration reported on a related bill, H.R. 6806, the Agency submitted a draft bill (included later in this report as part of Agency comments) which contained recommendations by the Department of Defense concerning the effective date of GI Bill eligibility termination and entitlement of persons who enlist under the Department's Delayed Entry Program (DEP). This is a program under which individuals contract to enter the military services, are immediately enlisted in a Reserve unit, and are required to go on active duty within three to six months. The Department of Defense informed the Veterans Administration that a specific termination date could create inequities and violate implied commitment of GI Bill benefits to individuals who have enlisted in the DEP. The Department recommended to the Veterans Administration a new termination date which would provide sufficient time to alter extensive advertising and recruiting programs. It was also recommended by the Department that GI Bill benefits be available to those individuals who enlist under the Delayed Entry Program prior to the termination date, but do not go on active duty until after the termination date.

In its testimony before the Committee, the Veterans Administration raised no objections to the Department of Defense recommendations. In order to cooperate with the Department's wishes, the Agency suggested that the termination date for the GI Bill program be set as the first day of the second calendar month following the date of enactment; that GI Bill benefits be provided for those individuals who enlist in DEP prior to the termination date, but do not go on active duty until after such date, and that protection be provided for those individuals who enlist in DEP but who are discharged or released from active duty performed pursuant to such an enlistment because of a service-connected disability.

The Department of Defense, according to the Veterans Administration, has signed up under the Delayed Entry Program over 60,000 men and women. Many of them have enlisted, according to testimony received by the Committee, in anticipation of receiving GI Bill benefits provided by current law. According to Veterans Administration testimony, if individuals already committed to service under the Delayed Entry Program are not afforded educational benefits, "the Department will have violated their advertised incentive."

The Department of Defense was invited to testify during hearings on the proposed legislation; however, the invitation was not accepted; therefore, it would appear the Department does not feel the termination on a date certain as recommended by the President, would cause the Department major problems. Also, the Committee questions the propriety of the Department of Defense to advertise for recruitment or other purposes that educational benefits will be available to individuals who may come on active duty at some time in the future.

Certainly commitments should not have been made by the Department following the President's Proclamation and legislative proposal issued on May 7, 1975.

The Committee has taken these recommendations into consideration. A termination date of December 31, 1975 should provide adequate time for the Department of Defense to bring most individuals on active duty who have made commitments under the DEP.

The Committee has accepted the cost estimates of the Veterans Administration that the enactment of this provision of the reported bill would result in a cost savings of $4.4 million in fiscal year 1976, and in a cost savings over the first five fiscal years (including the transition period of July 1 through September 30, 1976) of approximately $1.4 billion.

Termination of the Predischarge Education Program (PREP)

The reported bill would terminate the Predischarge Education Program (PREP) effective upon enactment of the bill, but would preserve the right of those individuals pursuing PREP programs on the date of enactment to continue through the end of the program in which currently enrolled.

The PREP program was established by Public Law 91-219, effective March 26, 1970, and was designed to assist servicemen and women to prepare for their future education, training, or vocation by providing them with the opportunity to enroll in and pursue a program of education or training prior to their discharge from active duty in the

Armed Forces. The program is coordinated by the Veterans Administration and the Department of Defense.

The PREP program was designed to bring about a substantial increase in GI Bill utilization, especially among high school dropout veterans. The program would seek to reach the "pre-veteran" before his discharge by involving him, in the last year of his military service, in education or training which would prepare him to pursue education or traning under the regular GI Bill. The PREP program was supposed to operate as an adjunct of the "transition program" run by the Defense Department. That program was established in 1967 for the purpose of providing maximum inservice training or educational opportunities to servicemen during their last 6 months of duty in order to prepare them for a productive reëntry into civilian life. Data before the Committee indicates that high school dropouts at the time the PREP program was enacted constituted 23 percent of the approximately 1 million servicemen who were scheduled for discharge in fiscal year 1970. These were "prime prospects" for participation in the program.

The program was designed to involve the military serviceman in an educational program during the last 12 months of his tour of duty; however, it now accounts for the major share of the total participation by military personnel in high school completion programs, programs which are essentially all pursued early in a serviceman's enlistment. During the first quarter of fiscal year 1975, 2,096,810 hours of educational services were provided to Army personnel under PREP compared with 119,733 hours of high school courses using other types of instruction. This ratio equates to 94.5 percent conducted by PREP. The remaining 5.5 percent was conducted by contract part-time instructors using Army funds and former USAFI materials.

According to the Department of the Army, during the first quarter of fiscal year 1975, group study accounted for 413,494 out of 704,526 hours of educational service at the below-high-school (basic education) level, and for 403,198 out of 427,050 hours at the college preparatory level. The combined ratio equates to 28 percent conducted by PREP. Therefore, PREP now accounts for 94.5 percent of the Army high school completion program and 28 percent of the remedial program.

The Navy PREP program accounts for 90% of the high school completion program and 90% of the remedial education program.

PREP now accounts for approximately 95 percent of eligible Marine Corps personnel participation in high school completion programs, and 93 percent in remedial education programs.

The PREP program in the Air Force is smaller than in the other services because there are fewer non-high school graduates in the Air Force. Approximately 80 percent of those in high school completion programs are in PREP, however.

The Department of Defense currently acquires its personnel needs through an all-volunteer enlistment program. To attract qualified men and women into the military, the services recognize that they must provide effective inducements. Prior to the enactment of the Predischarge Education Program, the military services were providing extensive educational training programs developed by the Department of Defense as a means of recruitment and retention of sufficient, qualified individuals. The termination of PREP does not mean that educational programs will no longer be available to those who are in the military service which range from vocational training through graduate work. It simply means that the cost of the program will be shifted from the Veterans Administration to the Department of Defense where it belongs. PREP was never intended to take the place of the military services' educational programs; however, with the enactment of PREP, as shown by the figures listed above supplied to the Committee by the Department of Defense, most of the military's high school completion program and the remedial program are now accomplished through PREP.

Termination of the PREP program would result in approximate cost savings to VA in fiscal year 1976 of approximately $17 million. The cost savings over a 5-year period is estimated to be approximately $131.2 million.

Additional Entitlement

The bill as reported would provide 45 months of educational assistance to those veterans serving 18 months or more on active duty, any part of which occurred after January 31, 1955 and before January 1, 1976. Public Law 93-508, enacted December 3, 1974, provides that an eligible veteran who is entitled to 36 months of educational assistance may receive an additional number of months, not to exceed nine, to pursue a program of education leading to a standard undergraduate degree. The Administration opposed the extension of entitlement beyond the 36 months of benefits contained in Public Law 93-508. The Administration continues to feel that 36 months of entitlement, is sufficient to obtain a 4-year college degree.

Under present law, in most cases a veteran is considered a full-time student if he or she is taking 12 hours per semester. For those veterans who, for various reasons, cannot take more than 12 hours per semester, 36 months of entitlement will not be sufficient to complete a standard undergraduate degree. The Committee accepted the argument prior to the enactment of Public Law 93-508 that the additional nine months of entitlement was necessary in some cases to attain a degree due to outside-school employment. On the other hand, if a veteran with equal service is able to carry a heavier load and graduate earlier than one not so able, should he be penalized by not allowing him to use the additional time in pursuit of additional graduate work? The Committee thinks not.

In its report on this provision of the bill on March 3, 1975, the Veterans Administration estimated a full first year cost for fiscal year 1976 to be $70.9 million, and a 5-year cost of approximately $200.7 million; however, when Agency officials testified before the Committee on July 29, they informed the Committee that they had grossly underestimated the cost of this provision of the bill and the present estimate is that the cost in FY-76 would be about $112.3 million and a five-year cost of approximately $435 million.

Continuation of Veterans Administration Loan Guaranty Program

Section 1818 of title 38 currently grants home loan benefits to those veterans serving after January 31, 1955, who qualify as an "eligible veteran". An "eligible veteran" is determined by the definition set out in 1652(a) of title 38 which comes within the chapter pertaining to educational benefits. Thus, amending section 1652(a) to terminate educational benefits for a person entering on active military duty on or after January 1, 1976, as would be the case in the reported bill, would also bar the individual from benefits of the loan guaranty program. Therefore, an amendment to section 1818 would be required to provide for continuation of eligibility for loan guaranty benefits for persons entering on active duty on or after January 1, 1976.

The loan guaranty program was originally conceived in 1944 with the objective of diminishing the economic and sociological problems of post-war readjustment of the millions then serving in the Armed Forces. This concept arose because of the feeling that veterans, in view of their service in the Armed Forces, had missed an opportunity to establish themselves in a business or profession, and to establish a credit rating which would be the basis of borrowing to acquire a home. The loan guaranty program was an attempt to place veterans on a par with their nonveteran counterparts, and has become widely recognized as one of the most successful government housing programs ever enacted.

The VA home loan guaranty program, from its inception to the end of FY 75 has been instrumental in inducing private lenders to extend $114.4 billion to more than 9 million veterans to purchase or construct homes. Of these, about 56% already have been paid in full and only about 3.6 percent went into foreclosure. In addition, through the direct loan program, the VA has helped another 322,000 veterans become homeowners by directly lending some $3.2 billion. The estimated net cost to the Government of the loan guaranty and direct loan program, from 1944 through fiscal year 1975 has been $868.8 million.

Over the past thirty years the VA loan program has been transformed from a short term readjustment program into a permanent housing program. It began as a one time home loan program in 1944 allowing the veteran a maximum of 2 years after discharge or 2 years after the official end of the war, whichever came later, in which to use his entitlement, with the entire program terminating 5 years after the official end of World War II. Through a series of amendments enacted by Congress, the Veterans' Home Loan Program has been converted to a lifetime housing benefit program for all veterans released since September 16, 1940, to the present date (except approximately 255,000 veterans who served only between the period July 26, 1947 and June 26, 1950). This group of more than 27 million veterans now have their entire life to utilize this home loan benefit and can use the benefit as many times as they desire if the property has been disposed of and the loan has been paid in full. Since Congress has completely changed the Veterans' Home Loan program from its original temporary readjustment concept to a permanent benefit, the Committee concluded the benefit should be available to all veterans who have served since the program's inception and that it should be extended to those individuals entering service on a volunteer basis.

Most of those who presented testimony before the Committee strongly urged that the housing program be continued. The housing industry is among the most depressed in the country. In many areas of the country, labor costs, increasing cost of materials, escalating land costs, and slow growth policies among other things, have driven the price of existing homes and new homes out of range of many people. Many veterans have been nearly priced out of the market and without the VA home loan program, prospects for purchasing a home are quite dim and many veterans might be forced to utilize subsidized or public housing programs which are vastly more expensive to the American taxpayer.

Even though home loans are a major benefit to veterans, the program is not costly. Loan funds are provided by private lenders. Losses on the government guaranty have been quite small and compare favorably with experiences in private industry. Therefore, the principal costs of the program are relatively minor administrative costs.

The veterans' home loan program has greatly stimulated home loans and has been a great help to the national economy. The home loan program is a very substantial benefit to members of the Armed Forces while on active duty since these individuals are eligible for home loan benefits as a result of their service and may utilize this benefit as a method of solving their housing problems while serving on active duty.

On May 7, when the President submitted his proposed legislation to Congress to terminate the education program, he proposed that the Agency's home loan program be continued and in later communications the Administration stated it would have no objection to continuation of the VA home loan program and would defer that decision to Congress.

The reported bill provides that persons who serve on active duty, any part of which occurred after January 31, 1955, for a period of more than 180 days and were discharged or released therefrom under conditions other than dishonorable, shall continue to be eligible for benefits under the VA home loan program. It also provides that persons whose sole period of service occurred after July 25, 1947 and prior to June 27, 1950, will be eligible for such benefits. The amendments provide that all eligible veterans whose service is after September 16, 1940, shall be eligible for benefits under the VA home loan program.

In view of the very substantial benefits which accrue from this program and its relatively low cost to the government, the Committee concluded that these were important considerations which justify extending the program.

Transfers Between Consecutive School Terms

The bill as reported would permit payment of educational assistance to veterans and dependents for the period between terms in those cases where the veteran or dependent transfers from one school to another. The veteran or dependent would be considered as still enrolled at the first institution for a period of 30 days after the end of the term at the first school.

Section 1681 of title 38 provides that the Administrator of Veterans Affairs shall pay to each eligible veteran who is pursuing a program of education under chapter 34, educational assistance to meet, in part, the expenses of his subsistence, tuition, fees, supplies, books, equipment and other educational costs. Section 1780(a)(1) provides that such assistance shall be paid only for the period of the veteran's enrollment as approved by the Administrator.

Frequently, veterans enrolled for two successive terms at a particular school transfer to a new school for the second term. Usually they pursue the same or a similar program, but are denied payment for the break between the end of the enrollment at the first school and the beginning of the next term at the second school because, technically, they are not enrolled at either school during the break period. A student who is enrolled at the same school for both such semesters is paid for the break period, except for any calendar month in which no training is scheduled.

Since the student who is transferring between semesters is not out of training for any longer period of time than the student continuing in the same school, he is being discriminated against by not receiving subsistence allowance for that period.

The reported bill would correct the inequity that now exists and would apply to both veterans and dependents.

There is no data available upon which to base a cost estimate for this proposed change in the law; however, according to the Veterans Administration, the cost would not be significant.

Eligibility for Veteran Preference

The educational benefits which the reported bill would terminate were extended by Public Law 89–358 to veterans who served on active duty more than 180 days after January 31, 1955. The 1966 law also tied veteran preference in Federal employment to the same conditions. For the first time, the definition of "veteran" for entitlement to education benefits (in section 101(21) of title 38) was linked to entitlement to employment preference (section of the Veterans Preference Act of 1944, now codified as 5 U.S.C. 2108(1)(B)).

Current law provides a five-point preference to ex-servicemen and women separated under honorable conditions who served (1) on active duty in any branch of the armed forces of the United States in wartime; (2) or in peacetime campaigns or expeditions for which campaign badges have ben authorized; (3) or for more than 180 consecutive days (other than an initial period of active duty for training) after January 31, 1955.

Historically eligibility for veteran preference has been based on active service during a period of war. For the time being we are no longer considered in a national emergency or war. The draft has ended and those serving on active duty are doing so voluntarily.

The Committee also agrees with various veterans' organizations and others who feel that the continuation of veteran preference based on peacetime service is diluting the relative advantage intended for those who served in military campaigns or during a period of war.

The reported bill would provide that the veteran serve for a period of more than 180 consecutive days, any part of which occurred after January 31, 1955 and before May 8, 1975 (the ending date of the Vietnam era). Preference would still be authorized on the basis of subsequent service in a war or campaign as provided in section 2108(1)(A) of title 5, or service-connected disability as provided in section 2108 (B)(2).

OVERSIGHT FINDINGS

Pursuant to clause 2(l)(3)(A) of Rule XI of the Rules of the House of Representatives, the Committee issues the following oversight findings:

On May 7, 1975, the President issued a Proclamation terminating the Vietnam wartime period. On the same day he submitted to the Congress legislation fixing the termination date for educational assistance under the GI Bill, and for other purposes.

On July 29, 1975, the Subcommittee on Education and Training held hearings on the President's recommendations and other related bills pending before the Committee. Based on the President's action and recommendations, testimony of the Veterans Administration, the testimony of various veterans' organizations, and others, your Committee recommends the following: (1) setting a termination date for educational assistance under the current GI Bill consistent with similar action taken in ending GI Bill education programs for World War II and Korean conflict veterans; (2) extending entitlement from 36 to 45 months for all eligible veterans whether in pursuit of an undergraduate or graduate degree; (3) terminating the PREP program; (4) assuring continuation of the Veterans Administration home loan program; and (5) ending the 5-point preference in Federal employment for veterans serving after May 7, 1975.

In regard to clause 2(l)(3)(D) of Rule XI, no oversight findings have been submitted to the Committee by the Committee on Government Operations.

In regard to clause 2(l)(3)(C) of Rule XI, no cost estimate or comparison has been submitted by the Congressional Budget Office relative to the provisions of the reported bill.

INFLATIONARY IMPACT STATEMENT

Pursuant to clause 2(l)(4) of Rule XI of the House of Representatives, the Committee makes the following statement in regard to the inflationary impact of the reported bill:

The bill as reported would cost the Federal government approximately $112 million in fiscal year 1976, and approximately $435 million during the next five years; however, during the same 5-year period the Federal government would realize cost savings of approximately $1.6 billion, or a net savings of about $1.1 billion. Therefore, although the reported bill would require some short-term debt, the cost savings beyond the second year would be substantial.

COST ESTIMATE

In compliance with clause 7 of Rule XIII of the Rules of the House of Representatives, the following statement is made relative to the costs which would be incurred in carrying out this bill:

Termination of the GI bill

	Trainees (thousands)	Savings (millions)
Fiscal year:		
1976	13.4	$4.4
Transition period (July 1, 1976 to September 30, 1976	13.6	4.0
1977	95.1	91.4
1978	215.0	239.9
1979	352.4	436.8
1980	498.0	668.4
5-yr. savings		1,444.9

Termination of prep program

Fiscal year:	Trainees (thousands)	Savings (millions)
1976	41.5	$17.0
Transition period (July 1, 1976 to September 30, 1976)	20.8	8.5
1977	70.6	28.9
1978	66.6	27.3
1979	62.5	25.6
1980	58.3	23.9
5-yr. savings		131.2

Extending entitlement from 36 to 45 months

Fiscal year:	Costs (millions)
1976	$112.3
July 1, 1976 to September 30, 1976	34.9
1977	124.1
1978	58.0
1979	54.4
1980	50.8
5-year costs	434.5

Extending entitlement of home loan program

Fiscal year:	Costs (millions)
1976	$0.3
5-year costs	27.0

SECTION-BY-SECTION ANALYSIS

Section 1

This section would amend section 1652(a)(1) of title 38, United States Code, to provide that, for the purposes of eligibility for educational benefits, a veteran is defined as an individual who served on active duty for a period of 181 days or more, any part of which occurred after January 31, 1955, and before January 1, 1976, and who was discharged or released under conditions other than dishonorable, or who served during such period and was discharged or released because of a service-connected disability. The effect of the amendment to this section is to set a period of service on which eligibility for educational benefits may be based. Entrance into military service on or after January 1, 1976 would not be qualifying service for this benefit.

Section 2

This section would amend section 1661 of title 38, United States Code, to provide that all veterans who served a period of 18 months or more on active duty beginning after January 31, 1955, and before January 1, 1976, and have been released from such service under conditions that would satisfy their active duty obligation, shall be entitled to 45 months of educational assistance under chapter 34. Under present law the veteran is entitled to 36 months (or the equivalent thereof in part-time educational assistance) plus an additional number of months, not exceeding nine, as may be utilized in pursuit of a program of education leading to a standard undergraduate college degree. This provision of the bill would permit the veteran to use his 45 months of eligibility for either undergraduate or graduate work.

Section 3

Section 3 of the bill would amend section 1662 of title 38, United States Code, to provide that educational benefits under chapters 34 and

36 shall not be available to any eligible veteran after December 31, 1987. The reported bill permits those individuals who are in military service on December 31, 1975 to continue to accrue and utilize entitlement to educational benefits under current law. This section sets December 31, 1987 as the final date beyond which no benefits could be awarded under the educational program to anyone.

Section 4

(1) This subsection would amend section 1681(b) of title 38, United States Code, to permit payment of educational assistance for a period of up to 30 days where a veteran transfers from one school to another between terms.

(2) This subsection would amend section 1731(a) of title 38, United States Code, to permit the same benefits to dependents as are granted to veterans under subsection (1) of this section.

Section 5

Section 5 of the bill adds a new section to chapter 37, title 38, which will make eligible for loan guaranty benefits those persons whose sole period of service occurred between July 26, 1947, and June 26, 1950. This group has never been eligible for VA loan benefits as this period was never defined as a wartime period. Since persons with any service either prior to July 26, 1947, or subsequent to June 26, 1950, in addition to the period noted above are eligible for VA loan benefits under current laws, only 255,000 veterans will be included with an estimated 5-year cost of $300,000 in total revolving fund expenditures.

Section 6

This section would amend section 1818(a) of title 38, United States Code, to permit the continuation of the Veterans Administration's loan guaranty program and provide benefits under the program to each person who served on active duty, any part of which occurred after January 31, 1955, and who: (1) served for a period of more than 180 days and was discharged or released therefrom under conditions other than dishonorable; (2) has served a period of more than 180 days in an active duty status and continues on active duty without a break therein; or (3) was discharged or released from active duty after such date for a service-connected disability.

Section 7

This section would repeal subchapter VI of chapter 34, United States Code, the Predischarge Education Program. It would permit individuals enrolled in the program on the effective date to continue to pursue the program in which enrolled through completion of the term in which enrolled.

Section 8

The educational benefits which the reported bill would terminate were extended by Public Law 89–358 to veterans who served on active duty more than 180 days after January 31, 1955. The 1966 law also tied veteran preference in Federal employment to the same conditions. For the first time, the definition of "veteran" for entitlement to education benefits (in section 101(21) of title 38) was linked to entitlement to employment preference (section 2 of the Veterans Preference Act of 1944, now codified as 5 U.S.C. 2108(1)(B)).

Current law provides a five-point preference to ex-servicemen and women separated under honorable conditions who served (1) on active duty in any branch of the armed forces of the United States in wartime; (2) or in peacetime campaigns or expeditions for which campaign badges have been authorized; (3) or for more than 180 consecutive days (other than an initial period of active duty for training) after January 31, 1955.

This section of the bill would provide that the veteran serve for a period of more than 180 consecutive days, any part of which occurred after January 31, 1955 and before May 8, 1975 (the ending date of the Vietnam era).

Section 9

The provisions of this Act shall take effect on the date of its enactment.

AGENCY REPORTS

There follow a communication from the President of the United States, reports from the Veterans Administration, including legislative recommendations, and letters from the Chairman of the Civil Service Commission, and the Chairman of the Post Office and Civil Service Committee, United States House of Representatives:

THE WHITE HOUSE,
Washington, May 7, 1975.

The Honorable the SPEAKER,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: I am transmitting today a proposed bill "To amend title 38, United States Code, to set a termination date for veterans educational benefits under Chapters 34 and 36 of such title, and for other purposes."

The bill would terminate the eligibility period for GI Bill education and training benefits for persons who will be entering peacetime voluntary military service on or after July 1, 1975.

I have today also issued a Proclamation which fixes the period of Vietnam service as beginning on August 5, 1964, and ending on May 7, 1975, for certain wartime benefits.

The effect of the actions is similar to those terminating wartime veterans benefits following the cessation of World War I, World War II, and the Korean War hostilities.

The Proclamation and this legislation would make an equitable distinction between those who have been required to perform military service and those who in the future choose to serve in the All-Volunteer Armed Forces. The termination actions will not affect the eligibility of the millions of Vietnam veterans already discharged, or those presently serving in the Armed Forces.

I urge the Congress to give prompt and favorable consideration to the draft bill.

Sincerely,

GERALD R. FORD.

A BILL To amend title 38, United States Code, to set a termination date for veterans educational benefits under chapters 34 and 36 of such title, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1652 (a)(1) of title 38, United States Code, is amended to read as follows:

"(a)(1) The term 'eligible veteran' means any veteran who (A) served on active duty for a period of more than 180 days, any part of which occurred after January 31, 1955, and before July 1, 1975, and who was discharged or released therefrom under the conditions other than dishonorable, or (B) was discharged or released from active duty, any part of which was performed during such period, because of a service-connected disability."

SEC. 2. Section 1661(a) of title 38, United States Code, is amended by—

(1) inserting ", and before July 1, 1975" immediately after "January 31, 1955" each time it appears; and

(2) adding at the end thereof the following: "In the case of any person in the active military service in the Armed Forces on June 30, 1975, the ending date for computing such person's entitlement shall be the date of such person's first discharge or release after June 30, 1975."

SEC. 3. Section 1662(a) of title 38, United States Code, is amended by adding at the end thereof the following: "In no event shall education or training be afforded a veteran under this chapter or chapter 36 of this title after June 30, 1985."

SEC. 4. Section 1695(b) of title 38, United States Code, is amended by inserting after "service" the following: ", any part of which occurred after January 31, 1955, and before July 1, 1975,".

SEC. 5. Section 1818(a) of title 38, United States Code, is amended by deleting "eligible veteran, as defined in paragraphs (1) and (2) of subsection (a) of section 1652 of this title," and inserting in lieu thereof: "person who served on active duty, any part of which occurred after January 31, 1955, and who:

(1) served for a period of more than 180 days and was discharged or released therefrom under conditions other than dishonorable; or

(2) has served more than 180 days in an active duty status and continues on active duty without a break therein; or

(3) was discharged or released from active duty after such date for a service-connected disability".

SECTION-BY-SECTION ANALYSIS OF DRAFT BILL

Section 1

This section would amend section 1652(a)(1) of title 38, United States Code, to provide that, for the purposes of eligibility for educational benefits, a veteran is defined as an individual who served on active duty for a period of 181 days or more, any part of which occurred after January 31, 1955, and before July 1, 1975, and who was discharged or released under conditions other than dishonorable, or who served during such period and was discharged or releas ed because of a service-connected disability. The effect of the amendment to this section is to set a period of service on which eligibility for educational benefits may be based. Entrance into military service on or after July 1, 1975, would not be qualifying service for this benefit.

Section 2

Subsection (1) would amend section 1661(a) to establish June 30, 1975, as the ending date for that period of time in which an individual may commence service in the military and earn potential entitlement towards 36 months of educational assistance.

Subsection (2) represents a savings provision which would permit those persons entering military service prior to July 1, 1975, to accrue educational entitlement with the amount of such entitlement earned based upon the date of the individual's first discharge or release after June 30, 1975.

Section 3

This section would amend section 1662(a) to set June 30, 1985, as the final termination date for utilization of entitlement earned under the current GI Bill education program. The date set is 10 years following the cut-off date (July 1, 1975) and is in line with the 10-year period provided veterans of the Korean conflict. Under that program, individuals were required by law to utilize entitlement by January 31, 1965—10 years from the ending date of the Korean conflict (January 3, 1955).

Section 4

This section would amend section 1695(b) to set June 30, 1975, as the date beyond which individuals entering military service may not accrue entitlement to Predischarge Education (PREP) benefits. This is consistent with the cut-off date for all other educational programs for veterans.

Section 5

This section would amend section 1818(a) to permit all veterans serving on active duty after January 31, 1955, to continue to be eligbile for loan guaranty benefits. Under the provisions of section 1818(a), eligibility for loan guaranty benefits is based upon the definition of a veteran as set forth in section 1652—the same as educational benefits. With the termination of the educational benefit eligibility under the amended provisions of section 1 of this bill, it is necessary to amend section 1818(a) to preserve continued loan guaranty eligibility.

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., March 3, 1975.

Hon. RAY ROBERTS,
Chairman, House Committee on Veterans' Affairs,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This will respond to your request for a report by the Veterans Administration on H.R. 2000, 94th Congress, a bill "To amend title 38, United States Code, in order to entitle veterans to forty-five months of educational assistance for all educational programs under chapter 34 of this title."

The proposed measure would entitle all veterans who served a period of 18 months or more on active duty after January 31, 1955, to 45 months of educational assistance under all educational programs provided in chapter 34 of title 38.

The stated purpose of the veterans' educational assistance program is to enhance and make more attractive, service in the Armed Forces, to restore lost educational opportunities to those whose careers have been interrupted or impeded by reason of active duty service, and to aid such persons in attaining the educational status to which they might have normally aspired and obtained had they not served their country. These programs were intended to provide readjustment assistance during the period following the release of the veteran from service to civilian life. A period of 36 months provides sufficient time to complete vocational programs or a 4-year college program, in most instances.

There are many considerations in establishing an educational assistance program. Congress, in determining what assistance should be given to the returning veteran, decided that a veteran who served on active duty at least 18 months after January 31, 1955, and was released as having satisfied his active duty obligation, became entitled to 36 months of educational assistance. Where entitlement to the full 36 months is not established, the law provides that eligible veterans will be credited with entitlement on the basis of 1½ months for each month or fraction thereof of active service after January 31, 1955. Veterans who do not have a high school diploma, or need refresher, remedial, or deficiency courses to qualify for enrollment in an appropriate program may receive benefits for pursuit of such courses without a charge against their entitlement. Based upon this type of need, many veterans will receive benefits for more than 36 months.

Furthermore, Public Law 93-508, enacted December 3, 1974, provides that an eligible veteran who is entitled to 36 months of educational assistance may receive an additional number of months, not to exceed nine, to pursue a program of education leading to a standard undergraduate degree. The primary intent of this change is to assist those veterans who have pursued their programs of education to complete the requirements for their baccalaureate degree.

We also note that section 1661(b) of title 38, United States Code, allows an extension of benefits to the end of the quarter, term, or semester when the veteran's period of entitlement expires during a quarter, term, or semester. To extend an additional 9 months would result in a total of 49 months of entitlement in some cases.

The Veterans Administration has opposed any extension of entitlement beyond the 36 months benefits contained in the law prior to the added benefits provided by Public Law 93-508. We are still of the opinion that a veteran, with 36 months of entitlement, has enough entitlement to obtain a 4-year college degree.

It is estimated that the cost of H.R. 2000, if enacted, would be as follows:

Fiscal year:	*Cost (in millions)*
1976	$70.9
July 1 to Sept. 30, 1976	6.2
1977	30.9
1978	30.9
1979	30.9
1980	30.9
Total through 1980	**200.7**

In view of the foregoing, the Veterans Administration opposes the enactment of H.R. 2000.

This will also serve as a report on H.R. 293, H.R. 1028, H.R. 1954, H.R. 2791, and H.R. 2993, 94th Congress, bills which are identical to H.R. 2000.

It will also serve as a report on H.R. 314, H.R. 495, H.R. 748, H.R. 1122, and H.R. 2456, 94th Congress, bills which are substantially similar to H.R. 2000. These bills were incorrectly drafted, inasmuch as they did not take into consideration section 202 of Public Law 93-508 which has already extended educational assistance from 36 to 45 months to certain veterans, who upon expiration of 36 months, have not yet attained a standard undergraduate college degree.

We are advised by the Office of Management and Budget that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

RICHARD L. ROUDEBUSH,
Administrator.

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., July 15, 1975.

Hon. RAY ROBERTS,
Chairman, Committee on Veterans' Affairs, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This will respond to your request for a report by the Veterans' Administration on H.R. 6806, 94th Congress, a bill "To terminate the Vietnam era period of war for purposes of the veterans' laws, and for other purposes."

This measure would prescribe the Vietnam era as being the period August 5, 1964, through June 30, 1975, thereby ending eligibility for certain veterans benefits, such as pension, burial allowance, and priorities in certain employment and training, for those individuals entering the military service on and after July 1, 1975. The bill specifically bars individuals entering military service on and after July 1, 1975, from accruing entitlement to GI Bill educational benefits, and would also have the effect of barring loan guaranty eligibility for individuals entering military service on or after July 1, 1975.

The President, on May 7, 1975, acting under the authority granted him by section 101(29) of title 38, United States Code, issued a proclamation setting May 7, 1975, as the termination date for the Vietnam era. Thus, section 1 of the measure, which proposes to set June 30, 1975, as the final date for the Vietnam era, is moot, and, as a technical matter, should be stricken from the bill, and subsequent sections renumbered.

Under H.R. 6806, any individual entering military service on and after July 1, 1975, would be barred from accruing any entitlement to educational benefits under the GI Bill. This bill permits those individuals who are in military service on June 30, 1975, to continue to accrue and utilize entitlement to educational benefits under current law, and sets June 30, 1985, as the final date beyond which no benefits could be awarded under the educational program to anyone.

This measure follows similar action in ending GI Bill education programs for World War II and the Korean conflict veterans. The legislation makes an equitable distinction betwen those who have been required to perform military service and those who in the future choose to serve in the All-Volunteer Armed Forces.

It should be emphasized that the educational assistance programs for World War II and Korean veterans, as well as for those eligible under current law, have all been readjustment programs designed to help veterans to adjust from military to civilian life by affording them monetary aid to obtain an educational status they might normally have aspired to and obtained had they not served their country in wartime or national emergency. It was not contemplated that educational assistance was to be a continuing benefit.

The World War II veteran was eligible only if he was on active duty by July 25, 1947, the official ending date for World War II. He had 4 years from the date of his separation from the service in which to commence his program of education and was allowed a period of 9 years from separation to use his entitlement. A final termination date of July 25, 1956, was set for the bulk of World War II veterans. Korean veterans had 3 years following separation from service in which to commence, and 8 years from the date of such discharge in which to complete, their programs of education. A final termination date of January 31, 1965, was set beyond which no benefits were permitted under that program.

Public Law 89–358, the Veterans' Readjustment Benefits Act of 1966, established a program of educational assistance for eligible veterans who served on active duty in the Armed Forces after January 31, 1955. We believe that with the signing of the cease-fire agreement and implementing protocols of January 27, 1973, which ended our involvement in hostilities in Vietnam, it is appropriate to terminate the current educational readjustment program.

We would point out that, if it is intended that this measure be effective prospectively, the July 1, 1975, termination date, currently provided in H.R. 6806, should be changed. It is our view that any termination date for the program should be prospective.

We have been advised by the Department of Defense that, as written, H.R. 6806 could create inequities and violate implied commitment of GI Bill benefits to individuals who have enlisted in the Department's Delayed Entry Program (DEP). This is a program under which individuals contract to enter the military services, are enlisted in a Reserve unit, and are required to go on active duty within 9 months. It is the Department's recommendation that the bill be amended to (a) eliminate the July 1, 1975, date cited earlier in this report; (b) substitute a new date which would provide the Department with sufficient time to alter extensive advertising and recruiting programs; and (c) allow GI Bill benefits to those who enlist under the Delayed Entry Program, but who do not go on active duty for a period of time thereafter.

The Veterans Administration has no objection to the Department's proposals and is enclosing with this report a proposed draft substitute for H.R. 6806 which would incorporate changes to carry out their suggestions. The proposed draft substitute would set the first day of the second calendar month following the date of enactment as the termination date for the GI Bill program, would provide GI Bill benefits for those individuals who enlist in DEP prior to the termination date, provide protection for those individuals who enlist in DEP but are discharged or released from active duty performed pursuant to such an enlistment because of a service-connected disability, and set 10 years from the first day of the second calendar month following the date of enactment as the final date beyond which no individual may receive GI Bill benefits.

We believe that the proposed substitute draft would give the Department ample lead time which they need in conjunction with their enlistment programs and also provide benefits for those who sign up under DEP. We understand that as of the present date, over 60,000 men and women have enlisted in the Delayed Entry Program, have been sworn into the Reserve, and have committed themselves to 6 years total military service of which at least 3 years will be on active duty. If the GI Bill program were to be terminated July 1, 1975, as provided in H.R. 6806, these persons would not be eligible. Many of these men and women have enlisted in anticipation of receiving GI Bill benefits provided by current law. If they are not afforded this benefit, the Defense Department will have violated their advertised incentive and would, possibly, be obligated to release them from their active duty commitment. We are informed that Department surveys indicate that such releases could run as high as 30 percent of the enlistees concentrated among those with the best qualifications.

Enactment of H.R. 6806 would have no effect on our vocational rehabilitation program under which veterans who are disabled because of a service-connected disability are furnished vocational rehabilitation.

Enactment of the bill in its present form would, however, have the effect of terminating eligibility for loan guaranty benefits for those persons entering active duty on or after July 1, 1975. Section 1818 of title 38 currently grants home loan benefits to those veterans serving after January 31, 1955, who qualify as an "eligible veteran." An "eligible veteran" is determined by the definition set out in 1652(a) of title 38 which comes within the chapter pertaining to educational benefits. Thus, amending section 1652(a) to terminate educational benefits for a person entering on military duty on or after July 1, 1975, as proposed in the bill, would also bar the individual from benefits of the loan guaranty program. If it is the intention of the Congress to terminate this program, the VA would have no objection.

The loan guaranty program was originally conceived in 1944 with the objective of diminishing, to the greatest possible extent, the economic and sociological problems of post-war readjustment of the millions then serving in the Armed Forces. This concept arose because of the feeling that veterans, in view of their service in the Armed Forces, had missed an opportunity to establish themselves in a business or profession, and to establish a credit rating which could be the basis of borrowing to acquire a home. The loan guaranty program was an attempt to place veterans on a par with their nonveteran counterparts. In view of the fact that those now entering military service are doing so voluntarily and in time of peace, and coupled with the increases in pay granted members of the Armed Forces in recent years, such readjustment benefits may be considered unnecessary.

In addition, eliminating loan guaranty eligibility for post-Vietnam peacetime veterans would be consistent with the Administration's goal of eliminating duplication of Federal programs. Further, the peacetime veteran could obtain an FHA loan insured by the Department of Housing and Urban Development. In fact, veterans with 90 days or more active service are eligible (under section 1709(b)(2) of title 12, U.S.C.) for such loans with more liberal downpayment terms than the usual FHA loans.

It should be emphasized that enactment of H.R. 6806 would not affect the home loan entitlement of veterans of World War II, the Korean conflict, or any veteran who serves after January 31, 1955, and before the termination date of the program. It would only apply to those individuals entering active service after that date.

We estimate that enactment of H.R. 6806 would result in a cost savings of $19.8 million in Fiscal Year 1976, and in a cost savings over the first 5 fiscal years (including the transition period) of $1.53 billion. The bulk of this savings would come from the termination of the GI Bill education program. A detailed breakdown by fiscal year of the estimated cost savings resulting from terminating educational benefits follows:

Direct benefits savings education program

Fiscal year:	*In millions*
1976	$19.8
Transition	8.9
1977	114.1
1978	256.4
1979	447.2
1980	679.7
Total, through 1980	1,526.1

Termination of loan guaranty benefits would, it is estimated, result in a comparatively modest cost savings. The estimated savings for the first fiscal year would be approximately $500,000. The total estimated 5-year cost savings (including the transition period) would be approximately $27 million, of which nearly 40 percent would be in the last fiscal year. A detailed breakdown of the estimated cost savings resulting from ending loan guaranty benefits for post-Vietnam veterans follows:

[In millions of dollars]

Fiscal year	G.O.E.	Direct loan expenditures	Expenses and losses	Total
1976	−$.1	−$.2	(1)	−$.3
Transition	−.1	−.2	(1)	−.3
1977	−.6	−1.7	−$.4	−2.7
1978	−1.2	−3.1	−.9	−5.2
1979	−2.0	−4.5	−1.5	−8.0
1980	−2.9	−6.0	−1.6	−10.5
Total	−6.9	−15.7	−4.4	−27.0

[1] Less than $50,000.

For the foregoing reasons, the Veterans Administration favors enactment of the substitute draft proposal in lieu of H.R. 6806. This substitute would set a new termination date for the GI Bill education program and would protect benefit rights for those individuals who enter into the Delayed Entry Program prior to that date. Should the Congress decide that the national interest would best be served by terminating eligibility for loan guaranty benefits of post-Vietnam era veterans, the Veterans Administration would have no objection.

The Office of Management and Budget has no objection to presentation of this report to the Congress and advises that enactment of the substitute draft proposal in lieu of H.R. 6806 would be in accord with the program of the President.

Sincerely,

RICHARD L. ROUDEBUSH,
Administrator.

Enclosure.

A BILL To terminate the Vietnam era period of war for purposes of the veterans' laws, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1652(a)(1) of title 38, United States Code, is amended to read as follows:

"(a)(1) The term 'eligible veteran' means any veteran who:

"(A) served on active duty for a period of more than 180 days, any part of which occurred after January 31, 1955, and before the first day of the second calendar month following the date of enactment of this Act, and who was discharged or released therefrom under conditions other than dishonorable; or

"(B) contracted with the military services and was enlisted in a reserve component prior to the termination date provided in clause (A) of this subsection and as a result of such enlistment served on active duty for a period of more than 180 days, any part of which commenced within 12 months after the termination date set forth in clause (A) of this subsection, and was discharged or released from such active duty under conditions other than dishonorable; or

"(C) was discharged or released from active duty, any part of which was performed after January 31, 1955, and before the termination date provided in clause (A) of this subsection, or following entrance into active service from an enlistment provided for under clause (B) of this subsection, because of a service-connected disability."

SEC. 2. Section 1652(a)(2) of title 38, United States Code, is amended by inserting immediately after "paragraph (1)(A)" the following: "or (B)".

SEC. 3. Section 1661(a) of title 38, United States Code, is amended—

(1) by inserting immediately after "January 31, 1955," each time it appears therein the following: "and before the first day of the second calendar month following the date of enactment of this Act"; and

(2) by adding at the end thereof the following new sentence: "In the case of any person in the active military service before the first day of the second calendar month following the date of enactment of this Act, or a person eligible under section 1652

(a)(1)(B) of this chapter, the ending date for computing such person's entitlement shall be the date of such person's first discharge or release from active duty."

Sec. 4. Section 1662 of title 38, United States Code, is amended by adding at the end thereof the following new subsection:

"(e) In no event shall educational assistance be afforded to any eligible veteran under this chapter, or chapter 36 of this title, after 10 years after the first day of the second calendar month following the date of enactment of this Act."

Sec. 5. Section 1695(b) of title 38, United States Code, is amended by inserting immediately after "service" the following: ", any part of which occurred after January 31, 1955, and before the first day of the second calendar month following the date of enactment of this Act."

Veterans' Administration,
Office of the Administrator of Veterans' Affairs,
Washington, D.C., July 24, 1975.

Hon. Ray Roberts,
Chairman, Committee on Veterans' Affair,
House of Representatives, Washington, D.C.

Dear Mr. Chairman: This will respond to you rrequest for a report by the Veterans' Administration on H.R. 8406, 94th Congress, a bill "To amend title 38 of the United States Code, in order to set a termination date for veterans' educational benefits under chapters 34 and 36 of such title, to extend the maximum educational benefits to forty-five months under chapter 34 of such title, and for other purposes."

The bill has as its basic purposes (a) the granting of 45 months of educational assistance benefits to those veterans who serve a period of 18 months or more on active duty; (b) barring individuals entering military service on and after September 1, 1975, from accruing entitlement to GI Bill educational benefits, as well as setting August 31, 1985, as a date beyond which no one may receive GI Bill educational assistance; (c) the termination of the Predischarge Education Program (PREP), with a savings provision designed to permit those individuals enrolled in programs as of the effective date to continue pursuing their program through the end of such program; and (d) assuring continuation of the current VA loan guaranty program.

The views of the Veterans' Administration on the provisions in H.R. 8406 dealing with education entitlements are contained in a report which we sent to your Committee on July 15, 1975, on H.R. 6806, a similar bill. We favor enactment of the substitute draft proposal enclosed with that report.

H.R. 8406, unlike H.R. 6806, would provide for continuation of the VA's loan guaranty program. A discussion of our views on the loan guaranty program was set forth in our report on H.R. 6806. Should the Congress decide to terminate or continue eligibilty for loan guaranty benefits of post-Vietnam era veterans, the VA would have no objection.

The provision in H.R. 8406 designed to grant 45 months of educational assistance to those veterans serving 18 months or more on active duty has a counterpart provision in H.R. 2000, 94th Congress, on which we submitted a report to your Committee on March 3, 1975 (Committee Print No. 4, copy enclosed). We continue to oppose such a provision for the reasons expressed in that report.

Finally, H.R. 8406 would have the effect of terminating the Predischarge Education Program (PREP) on the date of enactment of the bill. At the same time, it would permit individuals enrolled in PREP programs on the effective date to continue to pursue the program in which enrolled through completion.

The Predischarge Education Program was established by Public Law 91–219, effective March 26, 1970, and was designed to assist servicemen and women to prepare for their future education, training, or vocation by providing them with the opportunity to enroll in and pursue a program of education or training prior to their discharge from active duty in the Armed Forces. The program is coordinated by the Veterans' Administration and the Department of Defense.

At the time PREP was established, recruitment for the Armed Forces followed a different philosophy from the present. In 1970, this country was still engaged in hostilities in Vietnam. Military requirements were being met by drafting individuals when the services could not meet their requirements through voluntary enlistments. In some cases, it was evident that individuals were in need of high school diploma courses, or remedial, deficiency, or refresher courses to prepare them to pursue an appropriate course of education or training in an improved educational institution or training establishment following their release from service.

Presently, the Department of Defense administers an All-Volunteer program. To attract qualified men and women into this military force, the military services recognize that they must provide effective inducements, among which educational opportunity is one of the most attractive. Extensive educational training programs have been developed by the Department of Defense as a means of recruitment and retention of qualified individuals in the new program.

It is our view that the continued need for PREP is no longer apparent. The educational programs developed by the Department of Defense are available to those individuals who are in the military service and range all the way from vocational training through graduate work. These Department of Defense programs can provide the means for obtaining high school diploma completion and/or remedial education, as required. For these reasons, we favor that section of H.R. 8406 which would terminate the PREP program.

As a technical matter, we note that subsection (c) of section 4 of the bill cites subchapter VI of title 38, United States Code, but does not sufficiently identify the specific subchapter. To properly identify the specific subchapter VI that is to be repealed, the words "of chapter 34" would have to be inserted immediately after "subchapter VI."

Termination of the PREP program would result in approximate cost savings to VA in Fiscal Year 1976 of $33.2 million (based on an effective date of September 1, 1975), and of $147.4 million over the first 5 fiscal years (including the transition period). A detailed breakdown of the estimated VA cost savings by fiscal year and the number of trainees affected follows:

Fiscal year and trainees:	*Direct benefits savings (in millions)*
1976—86,500	$33.2
Transition 20,800	8.5
1977—70,600	28.9
1978—66,600	27.3
1979—62,500	25.6
1980—58,300	23.9
Total through 1980	147.4

In summary, the Veterans' Administration favors enactment of the substitute draft proposal submitted with our report of July 15, 1975, on H.R. 6806. That proposal would set the first day of the second calendar month following the date of enactment as the termination date for the GI Bill education program and would protect benefit rights for individuals who enter into the Delayed Entry Program before that date. Should the Congress decide to terminate or continue eligibility for loan guaranty benefits of post-Vietnam era veterans, the Veterans' Administration would have no objection.

With respect to additional provisions in H.R. 8406, the Veterans' Administration opposes those which would provide 45 months of educational entitlement for veterans and favors those which would terminate the PREP program.

We are advised by the Office of Management and Budget that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

RICHARD L. ROUDEBUSH,
Administrator.

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C. July 30, 1975.

Hon. RAY ROBERTS,
Chairman, House Committee on Veterans' Affairs,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This will respond to your request for a report by the Veterans' Administration on H.R. 2523, 94th Congress, a bill "To amend section 1681(b) of title 38, United States Code, to provide for payment of the educational assistance allowance in certain cases where a veteran transfers from one approved educational institution to another educational institution."

The bill would add a new clause to section 1681(b) of title 38, United States Code, to permit payment of educational assistance for the period between terms in those cases where a veteran transfers from one school to another, provided the transfer takes place within 30 days after the ending date of the term of the school from which he is transferring.

Section 1681 provides that the Administrator of Veterans' Affairs shall pay to each eligible veteran who is pursuing a program of education under chapter 34, educational assistance to meet, in part, the expenses of his subsistence, tuition, fees, supplies, books, equipment and other educational costs. Section 1780(a)(1) provides that such assistance shall be paid only for the period of the veteran's enrollment as approved by the Administrator.

Frequently, veterans enrolled for two successive terms at a particular school transfer to a new school for the second term. Usually they pursue the same or a similar program, but are denied payment for the break between the end of the enrollment at the first school and the beginning of the next term at the second school because, technically, they are not enrolled at either school during the break period. A student who is enrolled at the same school for both such semesters is paid for the break period, except for any calendar months in which no training is scheduled.

Since the student who is transferring between semesters is not out of training for any longer period of time than the student continuing in the same school, he is being discriminated against by not receiving subsistence allowance for that period. Thus, we believe that the proposed change would be equitable to the eligible veteran.

Since transfers to the new school are not usually made known to the Veterans' Administration promptly, overpayments have been created which result in nonpayment periods for the veteran in the new term when the overpayment is collected. The veteran usually has already spent the money and has no current funds for his training. The proposal would end the need for creating an overpayment against the veteran for this interim period of time, would eliminate the imposing of hardship on the veteran by requiring collection of the overpayment during a period of time when he needs funds for his education and subsistence, and would eliminate the paper work required for creating and collecting the resulting overpayment.

As drafted, H.R. 2523 provides benefits only for veterans. In recent years, it has been the trend to attempt to equite, where practicable, the benefits granted to veterans with those granted to dependents. For his reason, we would recommend that, if favorable consideration is given to this measure, the bill be amended to include dependents as well as veterans within its scope. This could be accomplished by adding a new section 2 to the bill to read as follows:

"SEC. 2. Subsection (a) of section 1731 of title 38, United States Code, is amended to add to the end thereof the following new clause:

" 'Notwithstanding the foregoing, where an eligible person, who is pursuing a course leading to a standard college degree, transfers between consecutive school terms from one approved institution to another approved institution for the purpose of enrolling in and pursuing a similar course at the second institution, the eligible person shall, for the purpose of entitlement to the payment of the educational assistance allowance under this chapter, be considered to be enrolled at the first institution for a period of time not to exceed thirty calendar days following the termination date of the school term of the first institution'."

Since the benefit is payable to both male and female veterans, it is suggested that line 2, on page 2 of the bill, be amended to strike out the word "he" and insert in lieu thereof, "the veteran".

We have no data upon which to base a cost estimate for this proposal. However, we believe the cost of enactment would not be significant.

In view of the foregoing, the Veterans' Administration favors the enactment of H.R. 2523.

We are advised by the Office of Management and Budget that there is no objection to the presentation of this report from the standpoint of the Administration's program.

Sincerely,

ODELL W. VAUGHN,
Deputy Administrator.
(For and in the absence of
Richard L. Roudebush, Administrator).

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., August 26, 1975.

Hon. RAY ROBERTS,
Chairman, Committee on Veterans' Affairs, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: The House Committee on Veterans' Affairs is considering H.R. 6806, a bill "To terminate the Vietnam era period of war for purposes of the veterans' laws, and for other purposes." We would like to present our views on this legislation.

As presently drafted, H.R. 6806 would establish June 30, 1975, as the ending date for the Vietnam era and the date after which persons entering active military service would no longer be entitled to educational and training benefits under title 38 of the United States Code. It would also set a termination date for using the entitlement earned.

The educational benefits which H.R. 6806 would terminate were extended by Public Law 89-358 to veterans who served on active duty more than 180 days after January 31, 1955. This 1966 law also tied veteran preference in Federal employment to the same conditions. For the first time, the definition of "veteran" for entitlement to educational benefits (in section 101(21) of title 38) was linked to entitlement to employment preference (section 2 of the Veterans Preference Act of 1944, now codified as 5 U.S.C. 2108(1)(B)).

If the time has come to terminate educational benefits extended by the 1966 Act—and we believe it has—then it is also time to terminate eligibility for veteran preference based on that Act. The reasons for extending both benefits at that time were continuation of the draft, inadequate military benefits to compensate for lost civilian opportunities, inability to select assignments and post of duty, and participation in the Vietnam conflict.

None of these conditions exists today. The Vietnam conflict and our participation in it have ended. On May 7, 1975, the President issued a proclamation officially ending the Vietnam era, which means we are no longer considered in a national emergency or war. Military service today is purely voluntary—a matter of personal choice. The volunteer army offers a wide variety of advantages including higher salaries, educational programs, and assignments in the area of the enlistee's choice.

Aside from this, we are concerned that the continuation of veteran preference based on peacetime service is diluting the relative advantage originally intended for those who served their country in wartime or military campaigns. Major veterans' organizations are concerned about this as well. We note that in 1974 the American Legion went on record at its national convention in favor of legislation to limit entitlement to preference, based on active duty for more than 180 days, to those who entered military service on or before the date the Vietnam era ended.

For these reasons, therefore, we recommend a new section be added to H.R. 6806 amending section 2108 of title 5, U.S. Code as follows:

> SEC. 6. Section 2108 of title 5, United States Code, is amended by striking out in paragraph (1)(B) "after January 31, 1955" and inserting in lieu thereof: "any part of which occurred after January 31, 1955 and before May 8, 1975."

Adoption of this section will not eliminate veteran preference for all persons entering military service after the end of the Vietnam era, just those whose preference would be based on 180 days or more of active duty. Preference could still be authorized on the basis of subsequent service in a war or campaign as provided in section 2108(1)(A) of title 5, or service-connected disability as provided in section 2108(B)(2).

The Office of Management and Budget advises that from the standpoint of the Administration's program there is no objection to the submission of this report.

By direction of the Commission:

Sincerely yours,

ROBERT HAMPTON,
Chairman.

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON POST OFFICE AND CIVIL SERVICE,
Washington, D.C., September 9, 1975.

Hon. RAY ROBERTS,
Chairman, Committee on Veterans' Affairs, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This refers to your letter of August 28, 1975, concerning the legislation pending before your Committee that would terminate eligibility for veterans' educational and training benefits under title 38 of the United States Code.

In connection with that legislation, the Civil Service Commission has recommended that the bill be amended to include a provision which would terminate eligibility for veterans' preference in Federal employment as of May 7, 1975.

The proposed amendment to section 2108(1)(B) of title 5, United States Code, would limit veterans' preference to those individuals who have served for a period of more than 180 days, any part of which occurred after January 31, 1955, and before May 8, 1975.

It is my understanding that under the proposed amendment to section 2108(1)(B), a person who entered military service before May 8, 1975, and who served for more than 180 consecutive days still would be entitled to preference for Federal employment purposes.

I have studied the recommendation of the Civil Service Commission, dated August 26, 1975, as well as the history of the veterans' preference laws, and I agree that it would be appropriate at this time to provide for the termination of eligibility for veterans' preference in Federal employment based on active duty for more than 180 days. Accordingly, our Committee will interpose no objection to the inclusion of the amendment proposed by the Civil Service Commission in the legislation pending before your Committee.

I deeply appreciate your affording me the opportunity to express my views on this matter.

With kind regards,

Sincerely,

DAVID N. HENDERSON, *Chairman.*

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

TITLE 38, UNITED STATES CODE

* * * * * * *

CHAPTER 34—VETERAN'S EDUCATIONAL ASSISTANCE

SUBCHAPTER I—PURPOSE—DEFINITIONS

Sec.
1651. Purpose.
1652. Definitions.

SUBCHAPTER II—EIGIBILITY AND ENTITLEMENT

1661. Eligibility; entitlement; duration.
1662. Time limitations for completing a program of education.
1663. Educational and vocational counseling.

SUBCHAPTER III—ENROLLMENT

1670. Selection of program.
1671. Applications; approval.
1673. Disapproval of enrollment in certain courses.
1674. Discontinuance for unsatisfactory conduct or progress.
1676. Education outside the United States.
1677. Flight training.

SUBCHAPTER IV—PAYMENTS TO ELIGIBLE VETERANS; VETERAN-STUDENT SERVICES

1681. Educational assistance allowance.
1682. Computation of educational assistance allowances.
1683. Approval of courses.
1684. Apprenticeship or other on-job training; correspondence courses.
1685. Veteran-student services.
1686. Education loans.

SUBCHAPTER V—SPECIAL ASSISTANCE FOR THE EDUCATIONALLY DISADVANTAGED

1690. Purpose.
1691. Elementary and secondary education and preparatory educational assistance.
1692. Special supplementary assistance.
1693. Effect on educational entitlement.

[SUBCHAPTER VI—PREDISCHARGE EDUCATION PROGRAM

[1695. Purpose; definition.
[1696. Payment of educational assistance allowance.
[1697. Educational and vocational guidance.
[1697A. Coordination with and participation by Department of Defense.]

Subchapter I—Purpose—Definitions

* * * * * * *

§ 1652. Definitions

For the purposes of this chapter—

(a)(1) The term "eligible veteran" means any veteran who (A) served on active duty for a period of more than 180 days any part of which occurred after January 31, 1955, *and before January 1, 1976,* and who was discharged or released therefrom under conditions other than dishonorable*;* or (B) was discharged or released [from active duty after such date for] *therefrom under conditions other than dishonorable; or (B) was discharged or released from active duty, any part of which was performed after January 31, 1955, and before January 1, 1976, because of* a service connected disability.

* * * * * * *

Subchapter II—Eligibility and Entitlement

§ 1661. Eligibility; entitlement; duration

Entitlement

(a) Except as provided in subsection (c) and in the second sentence of this subsection, each eligible veteran shall be entitled to educational assistance under this chapter or chapter 36 for a period of one and one-half months (or the equivalent thereof in part-time educational assistance) for each month or fraction thereof of his service on active duty after January 31, 1955, *and before January 1, 1976.* If an eligible veteran has served a period of 18 months or more on active duty after January 31, 1955, and has been released from such service under conditions that would satisfy his active duty obligation, he shall be entitled to educational assistance under this chapter for a period of [36] *45* months (or the equivalent thereof in part-time educational [assistance) plus an additional number of months, not exceeding nine, as may be utilized in pursuit of a program of education leading to a standard undergraduate college degree] *assistance). In the case of any person in the entire military service in the Armed Forces on December 31, 1975, the ending date for computing such person's entitlement shall be the date of such person's discharge or release after December 31, 1975.*

Entitlement Limitations

(b) Whenever the period of entitlement under this section of an eligible veteran who is enrolled in an educational institution regularly operated on the quarter or semester system ends during a quarter or semester, such period shall be extended to the termination of such unexpired quarter or semester. In educational institutions not operated on the quarter or semester system, whenever the period of eligibility ends after a major portion of the course is completed such period shall be extended to the end of the course or for twelve weeks, whichever is the lesser period.

(c) Except as provided in **[**subsections (a) and (b)**]** *subsection (b)* and in subchapters V and VI of this chapter, no eligible veteran shall receive educational assistance under this chapter in excess of **[**thirty-six**]** *forty-five* months.

§ 1662. Time limitations for completing a program of education

Delimiting Period for Completion

(a) No educational assistance shall be afforded an eligible veteran under this chapter beyond the date 10 years after his last discharge or release from active duty after January 31, 1955.

Correction of Discharge

(b) In the case of any eligible veteran who has been prevented, as determined by the Administrator, from completing a program of education under this chapter within the period prescribed by subsection (a), because he had not met the nature of discharge requirements of this chapter before a change, correction, or modification of a discharge or dismissal made pursuant to section 1553 of title 10, the correction of the military records of the proper service department under section 1552 of title 10, or other corrective action by competent authority, then the 10-year delimiting period shall run from the date his discharge or dismissal was changed, corrected, or modified.

Savings Clause

(c) In the case of any eligible veteran who was discharged or released from active duty before the date for which an educational assistance allowance is first payable under this chapter, the 10-year delimiting period shall run from such date, if it is later than the date which otherwise would be applicable. In the case of any eligible veteran who was discharged or released from active duty before the date of enactment of this sentence and who pursues a course of farm cooperative training, apprenticeship or other training on the job, or flight training within the provisions of section 1677 of this chapter, the 10-year delimiting period shall run from the date of enactment of this sentence, if it is later than the date which would otherwise be applicable.

(d) In the case of any veteran (1) who served on or after January 31, 1955, (2) who became eligible for educational assistance under the provisions of this chapter or chapter 36 of this title, and (3) who, subsequent to his last discharge or release from active duty, was captured and held as a prisoner of war by a foreign government or power, there shall be excluded, in computing his 10-year period of eligibility for educational assistance, any period during which he was so detained and any period immediately following his release from such detention during which he was hospitalized at a military, civilian, or Veterans' Administration medical facility.

(c) In no event shall educational assistance be afforded to any eligible veteran under this chapter or chapter 36 of this title after December 31, 1987.

* * * * * * *

Subchapter IV—Payments to Eligible Veterans; Veterans-Student Services

§ 1681. Educational assistance allowance

General

(a) The Administrator shall, in accordance with the applicable provisions of this section and section 1780 of this title, pay to each eligible veteran who is pursuing a program of education under this chapter an educational assistance allowance to meet, in part, the expenses of his subsistence, tuition, fees, supplies, books, equipment, and other educational costs.

Institutional Training

(b) The educational assistance allowance of an eligible veteran pursuing a program of education, other than a program exclusively by correspondence or a program of flight training, at an educational institution shall be paid as provided in section 1780 of this title. *Notwithstanding the foregoing, where an eligible veteran, who is pursuing a course leading to a standard college degree, transfers between consecutive school terms from one approved institution to another approved institution for the purpose of enrolling in and pursuing a similar course at the second institution, the veteran shall, for the purpose of entitlement to the payment of the educational assistance allowance under this chapter, be considered to be enrolled at the first institution for a period of time not to exceed thirty calendar days following the termination date of the school term of the first institution.*

Flight Training

(c) No educational assistance allowance for any month shall be paid to an eligible veteran who is pursuing a program of education consisting exclusively of flight training until the Administrator shall have received a certification from the eligible veteran and the institution as to actual flight training received by, and the cost thereof to, the veteran during that month.

* * * * * * *

[Subchapter VI—Predischarge Education Program

[§ 1695. Purpose; definition

[(a) The purpose of this subchapter is to encourage and assist veterans in preparing for their future education, training, or vocation by providing them with an opportunity to enroll in and pursue a program of education or training prior to their discharge or release from active duty with the Armed Forces. The program provided for under this subchapter shall be known as the Predischarge Education Program (PREP).

[(b) For the purposes of this subchapter, the term "eligible person" means any person serving on active duty with the Armed Forces who has completed more than 180 consecutive days of such active duty service as certified to the Administrator by the Secretary concerned.

[§ 1696. Payment of educational assistance allowance

[(a) The Administrator shall, under such regulations as he shall prescribe after consultation with the Secretary of Defense, pay the educational assistance allowance as computed in subsection (b) of this section to an eligible person enrolled in and pursuing (1) a course or courses offered by an educational institution (other than by correspondence) and required to receive a secondary school diploma, or (2) any deficiency, remedial, or refresher course or courses offered by an educational institution and required for or preparatory to the pursuit of an appropriate course or training program in an approved educational institution or training establishment.

[(b) The educational assistance allowance of an eligible person pursuing education or training under this subchapter shall be computed at the rate of (1) the established charges for tuition and fees which the educational institution requires similarly circumstanced nonveterans enrolled in the same or a similar program to pay, and the cost of books and supplies peculiar to the course which such educational institution requires similarly circumstanced nonveterans enrolled in the same or a similar program to have, or (2) $270 per month for a full-time course, whichever is the lesser. Where it is determined that there is no same program, the Administrator shall establish appropriate rates for tuition and fees designed to allow reimbursement for reasonable costs for the education or training institution.

[(c) The educational assistance allowance authorized by this section shall be paid without charge to any period of entitlement earned pursuant to section 1661(a) of this title.

§ [1697. Educational and vocational guidance

[The Administrator shall, to the extent that professional counselors are available, provide, by contract or otherwise, educational and vocational guidance to persons eligible for educational assistance under this subchapter.

§ [1697A. Coordination with and participation by Department of Defense

[(a) The Administrator shall designate an appropriate official of the Veterans' Administration who shall cooperate with and assist the Secretary of Defense and the official he designates as administratively responsible for such matters, in carrying out functions and duties of the Department of Defense under the PREP program authorized by this subchapter. It shall be the duty of such official to assist the Secretary of Defense in all matters entailing cooperation or coordination between the Department of Defense and the Veterans Administration in providing training facilities and released time from duty necessary to carry out the purposes of the program.

[(b) Educational institutions and training establishments administered by or under contract to the Department of Defense providing education and training to persons serving on active duty with the Armed Forces shall, in accordance with regulations jointly prescribed by the Administrator and the Secretary of Defense, be approved for the enrollment of eligible persons only at such time as the Secretary submits to the Committees on Veterans' Affairs of the Senate and House of Representatives a report containing such Department's plan for implementation of the program established under this subchapter (except that on-going programs of education and training at such institutions or establishments may be continued for ninety days after the date of enactment of this section and prior to the submission of such report), and periodically thereafter submits progress reports with respect to the implementation of such plan, which plan shall include provision for—

[(1) each Secretary concerned to undertake an information and outreach program designed to advise, counsel, and encourage each eligible person within each branch of the Armed Forces with respect to enrollment in a program under this subchapter, with particular emphasis upon programs under sections 1691(a)(2) and 1696(a)(2) of this title, and in all other programs for which such person, prior to or following discharge or release from active duty, may be eligible under chapters 31 and 34 of this title;

[(2) each Secretary concerned to undertake, in coordination with representatives of the Veterans' Administration, to arrange and carry out meetings with each approved educational institution located in the vicinity of an Armed Forces installation (or, in the case of installations overseas, which have the capacity to carry out such programs at such overseas installations) to encourage the establishment of a program by such institution under this subchapter and subchapter V of this chapter in connection with persons stationed at such installation, with particular emphasis upon programs under sections 1691(a)(2) and 1696(a)(2) of this title;

[(3) the release from duty assignment of any such eligible person for at least one-half of the hours required for such person to enroll in a full-time program of education or training under this subchapter during his military service, unless, pursuant to regulations prescribed by the Secretary concerned, it is determined that such release of time is inconsistent with the interests of the national defense; and

[(4) establishment of an Inter-Service and Agency Coordinating Committee, under the co-chairmanship of an Assistant Secretary of Defense and the Chief Benefits Director of the Veterans' Administration, to promote and coordinate the establishment and conduct of programs under this subchapter and other provisions of this title and the implementation of the plan submitted pursuant to this section.]

CHAPTER 35—WAR ORPHANS' AND WIDOWS' EDUCATIONAL ASSISTANCE

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Subchapter IV—Payments to Eligible Persons

§ 1731. Educational assistance allowance

(a) The Administrator shall, in accordance with the provisions of section 1780 of this title, pay to the parent or guardian of each eligible person who is pursuing a program of education under this chapter, and who applies therefor on behalf of such eligible person, an educational assistance allowance to meet, in part, the expenses of the eligible person's subsistence, tuition, fees, supplies, books, equipment, and other educational costs. *Notwithstanding the foregoing, where an eligible person, who is pursuing a course leading to a standard college degree, transfers between consecutive school terms from one approved institution to another approved institution for the purpose of enrolling in and pursuing a similar course at the second institution, the eligible person shall, for the purpose of entitlement to the payment of the educational assistance allowance under this chapter, be considered to be enrolled at the first institution for a period of time not to exceed thirty calendar days following the termination date of the school term of the first institution.*

(b) No educational assistance allowance shall be paid on behalf of an eligible person enrolled in a course in an educational institution which does not lead to a standard college degree for any period until the Administrator shall have received—

(1) from the eligible person a certification as to his actual attendance during such period; and

(2) from the educational institution, a certification, or an endorsement on the eligible person's certificate, that he was enrolled in and pursuing a course of education during such period.

* * * * * * *

CHAPTER 37—HOME, CONDOMINIUM, AND MOBILE HOME LOANS

SUBCHAPTER I—GENERAL

Sec.
1801. Definitions.
1802. Basic entitlement.
1803. Basic provisions relating to loan guaranty.
1804. Restrictions on loans.
1805. Warranties.
1806. Escrow of deposits and downpayments.
1807. Service after July 25, 1947, and prior to June 27, 1950.

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Subchapter I—General

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§ 1807. Service after July 25, 1947, and prior to June 27, 1950

Each veteran whose only active duty service occurred after July 25, 1947, and prior to June 27, 1950, and who—

(1) served for a period of more than 180 days and was discharged or released therefrom under conditions other than dishonorable; or

(2) served for a period of less than 180 days and was discharged for a service-connected disability;

shall be eligible for the benefits of this chapter.

* * * * * * *

Subchapter II—Loans

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§ 1818. Veterans who serve after January 31, 1955

[(a) Each eligible veteran, as defined in paragraphs (1) and (2) of subsection (a) of section 1652 of this title, shall be eligible for the benefits of this chapter, subject to the provisions of this section.]

(a) Each veteran who served on active duty, any part of which occurred after January 31, 1955, and who—

(1) served for a period of more than 180 days and was discharged or released therefrom under conditions other than dishonorable;

(2) has served more than 180 days in an active duty status and continues on active duty without a break therein; or

(3) was discharged or released from active duty after such date for a service-connected disability;

shall be eligible for the benefits of this chapter, subject to the provisions of this section.

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SECTION 2108 OF TITLE 5, UNITED STATES CODE

PART III—EMPLOYEES

* * * * * * *

Subpart A—General Provisions

CHAPTER 21—DEFINITIONS

* * * * * * *

§ 2108. Veteran; disabled veterans; preference eligible

For the purpose of this title—

(1) "veteran" means an individual who—

(A) served on active duty in the armed forces during a war, in a campaign or expedition for which a campaign badge has been authorized, or during the period beginning April 28, 1952, and ending July 1, 1955; or

(B) served on active duty as defined by section 101(21) of title 38 at any time in the armed forces for a period of more than 180 consecutive days [after January 31, 1955.] *any part of which occurred after January 31, 1955, and before May 8, 1975,* not including service under section 511 (d) of title 10 pursuant to an enlistment in the Army National Guard or the Air National Guard or as a Reserve for service in the Army Reserve, Naval Reserve, Air Force Reserve, Marine Corps Reserve, or Coast Guard Reserve;

and who has been separated from the armed forces under honorable conditions;

* * * * * * *

DISSENTING VIEWS OF ROBERT W. EDGAR, ROBERT J. CORNELL, AND HAROLD E. FORD

The education benefits provided by the GI bill have made it possible for many individuals, who would not have been able to afford it otherwise, to further their education whether it be academic or vocational.

Historically, GI education benefits were meant to assist veterans returning from wartime service. It has been argued that these benefits are peculiar to wartime service. However, for 32 of the past 35 years, in war and in peace, education benefits have provided for all our veterans. Congress felt strongly enough about the value of this program that, in 1966, they made GI bill education benefits permanent, rather than terminating upon a Presidential proclamation that a war had ended. In Section 1651 of Title 38, U.S.C. Congress declared that "the education program created by this chapter is for the purpose of (1) enhancing and making more attractive service in the Armed Forces of the United States . . ." Now the House Veterans' Affairs Committee is reporting a measure which would simply abolish a proved program of incalculable value on the basis of one day of hearings, which lasted less than two hours, before the Education and Training Subcommittee on July 29th.

The Veterans Administration testified before the Subcommittee on that day and, predictably, followed the official policy declared by President Ford to abolish GI Education benefits. Both the American Legion and the Veterans of Foreign Wars, however, testified that they believe there should be some educational program for those now entering the service, although they favored the Department of Defense bearing the cost and possibly the administration of such a program. The National Association of Concerned Veterans, an organization composed mainly of Vietnam era veterans, also testified in opposition to the termination of the GI Bill benefit program. Thus, what little testimony was received generally favored the continuation of some form of educational benefits for those now entering the military.

There are many good, valid arguments for maintaining to some degree a GI educational program. The facts indicate that this is one government program that has worked in the past and is working now. Studies have shown that for every $1 spent on GI educational benefits at least $4 is realized in additional tax revenues from increased earnings resulting from increased education and training, and there is no doubt that there are some savings in reduced unemployment compensation paid out to veterans who have used these benefits.

Partly due to our economic situation, minority and disadvantaged youths are enlisting in the Armed Services in disproportionate numbers. The GI Bill gives them a chance to improve their education upon discharge, thus increasing their productivity and life potential. Cancellation of this program will thus eliminate this opportunity for them.

Although a number of Congressmen have written to the House Veterans' Affairs Committee urging unrestricted entitlement of 45 months of educational benefits for Vietnam era veterans—which H.R. 9576 provides and which we support—only one Member of the House has addressed the issue at hand, namely termination of the entire program for those now entering the service. He was in opposition to such a move.

Members of the Committee put forth a number of arguments to support the program's elimination. One argument offered is that educational benefits should be the responsibility of the Department of Defense rather than the Veterans Administration. Other arguments offered are that these benefits are too expensive and encourage servicemen to leave the military.

These arguments bear further examination. The program does involve significant costs although such costs will be considerably reduced in the future: the number discharged annually will be substantially less than the number released from the service during the peak years of the Vietnam conflict. Perhaps the Department of Defense should bear the cost of the program. However, there has been no serious discussion of these important issues. No alternative proposal is pending before Congress, nor has the Administration made any formal recommendations in this respect. Consequently, we believe it would be precipitous to terminate the existing program *prior* to developing an alternative program, whatever that program may be.

Certainly there are a number of cost-saving options which have not received serious attention. For example, a program might be developed that is available only to those who are discharged under conditions other than dishonorable prior to retirement. In view of the higher pay scale now received by military personnel, educational benefits might be applied only to books, required course fees, and a percentage of tuition. Obviously, a host of other alternatives exist which deserve full attention and scrutiny by this Committee and Congress.

The argument that VA educational benefits encourage people to leave the service ignores the reality that there will always be a certain turnover in the lower ranks where personnel are needed in larger numbers than career military who advance in rank over the years. Thus, the real question is what will be the composition of those in the lower ranks? If we wish a representative Armed Forces which includes those who score relatively high on aptitude tests, then we believe educational benefits will be needed for them as a recruitment incentive.

Further, the current depressed state of the economy should not deceive us as to the importance of GI Bill benefits. A recent survey conducted by the Army Testing Service last September revealed that one out of every four individuals tested indicated that they would not have enlisted if GI educational benefits had not been available. When servicemen were asked to list the three most important reasons for their joining the military, one out of every two listed post-service educational benefits.

It is quite obvious that there are many questions concerning GI education benefits which have not been asked, let alone answered. H.R. 9576 should be returned to the Education and Training Subcommittee for study, and full hearings should be held immediately to inquire into the financial and personnel aspects of this proposal. This action would provide the needed opportunity to contact the Armed Services Committee formally, and to inquire about the effect this termination would have on those who enlist after December 31, 1975, and what creative alternatives the Armed Forces have or can suggest in picking up all or part of the benefits for those in need.

Lacking this necessary information and fearing the negative consequences this bill may cause, we have no alternative other than to dissent from the Committee's report on H.R. 9576, and we oppose its passage in its present form.

Robert W. Edgar.
Robert J. Cornell.
Harold E. Ford.

[No. 79]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., February 11, 1976.

Hon. VANCE HARTKE,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This will respond to your request for the views of the Veterans' Administration on H.R. 9576, 94th Congress, "An Act To amend title 38 of the United States Code in order to set a termination date for veterans' educational benefits under chapters 34 and 36 of such title, to extend the maximum educational benefits to 45 months under chapter 34 of such title, and for other purposes."

This measure would (1) bar individuals entering military service on and after January 1, 1976, from accruing entitlement to GI bill educational benefits ; (2) set December 31, 1987, as the final date beyond which eligible veterans may not utilize entitlement under such program; (3) provide 45 months of educational entitlement to veterans basically entitled to 36 months of such benefits; (4) permit payment of educational assistance to veterans and dependents for a period of up to 30 days where they transfer from one school to another between school terms; (5) continue the VA loan guaranty program and extend eligibility to those veterans who served between July 25, 1947, and June 27, 1950; (6) terminate the Predischarge Education Program (PREP); and (7) terminate the 5-point Federal employment preference for most veterans entering service after May 1, 1975.

Section 1 of the proposal would amend section 1652(a)(1) of title 38, United States Code, to provide that any individual entering military service on and after January 1, 1976, would be barred from accruing any entitlement to educational benefits under the GI bill. Individuals entering military service prior to that date would be permitted to continue to accrue and utilize entitlement to educational benefits under current law. Section 3 of the measure would, in turn, set December 31, 1987, as the final date beyond which no benefits could be awarded under the GI bill educational program to anyone.

This measure follows similar action in ending GI bill education programs for World War II and Korean conflict veterans. The legislation makes an equitable distinction between those who have been required to perform military service and those who in the future choose to serve in the All-Volunteer Armed Forces.

It should be emphasized that the educational assistance programs for World War II and Korean veterans, as well as for those eligible under current law, have all been readjustment programs designed to help veterans to adjust from military to civilian life by affording them monetary aid to obtain an educational status they might normally have aspired to and obtained had they not served their country in wartime or national emergency. It was not contemplated that educational assistance was to be a continuing benefit.

The World War II veteran was eligible only if he was on active duty by July 25, 1947, the official ending date for World War II. He had 4 years from the date of his separation from the service in which to commence his program of education and was allowed a period of 9 years from separation to use his entitlement. A final termination date of July 25, 1956, was set for the bulk of World War II veterans. Korean veterans had 3 years following separation from service in which to commence, and 8 years from the date of such discharge in which to complete their programs of education. A final termination date of January 31, 1965, was set beyond which no benefits were permitted under that program.

Public Law 89-358, the Veterans' Readjustment Benefits Act of 1966, established a program of educational assistance for eligible veterans who served on active duty in the Armed Forces after January 31, 1955. We believe that, with the signing of the cease-fire agreement and implementing protocols of January 27, 1973, which ended our involvement in hostilities in Vietnam, it is appropriate to terminate the current educational readjustment program.

Under the laws terminating the prior two GI bill educational programs, Congress provided a maximum of 10 years between the termination date and the date final utilization of benefits could be made. H.R. 9576, on the other hand, would set a 12-year period (1975-87). While we would prefer the 10-year maximum provided under the Korean program as being a more reasonable period, we would have no strong objection to a 12-year period if the Congress should determine that this would be more equitable under current conditions.

We have been advised by the Department of Defense that they are currently enlisting individuals in their Delayed Entry Program (DEP). This is a program under which individuals contract to enter the military services, are enlisted in a Reserve unit, and are required to go on active duty within 9 months. The Department has also advised that, rather than the specific date set forth in H.R. 9576, it would be better from their standpoint to have a more flexible date, which would allow the Department time to alter the extensive advertising and recruiting programs they are presently utilizing to obtain individuals for the All-Volunteer Armed Services. In addition, the Department recommends that a provision be added to the measure which would allow GI bill benefits for those who enlist under the Delayed Entry Program before the termination date, but who do not go on active duty for a period of time thereafter.

The Veterans' Administration has no objection to the Department's proposals and is enclosing with this report a proposed draft substitute for those provisions of H.R. 9576 relating to termination of the GI bill education program which would incorporate changes to carry out their suggestions. The proposed draft substitute would set the first day of the second calendar month following the date of enactment as the termination date for the GI bill program, provide GI bill benefits for those individuals who enlist in DEP prior to the termination date but go on active duty subsequent to that date, provide protection for those individuals who enlist in DEP but are discharged or released from active duty performed pursuant to such an enlistment because of a service-connected disability, and set 10 years from the first day of the second calendar month following the date of enactment as the final date beyond which no individual may receive GI bill benefits.

We believe that the proposed substitute amendments would give the Department ample leadtime which they need in conjunction with their enlistment programs and also provide benefits for those who sign up under the Delayed Entry Program. We understand that, as of September 30, 1975, approximately 55,000 men and women had enlisted in DEP. These individuals have been sworn into the Reserve, and have committed themselves to 6 years total military service, of which at least 3 years will be on active duty. If the GI bill education program were to be terminated December 31, 1975, as provided in the bill, many of these persons would not be eligible for benefits under that program. Many of these men and women have enlisted in anticipation of receiving GI bill benefits provided by current law. If they are not afforded this benefit, the Department of Defense, it could be argued, will have violated their advertised incentive and would, possibly, be obligated to release them from their active duty commitment.

Section 2 of the proposal would amend section 1661 of title 38 to provide that all veterans who served a period of 18 months or more on active duty after January 31, 1955, and before January 1, 1976, and have been released from such service under conditions that would satisfy their active duty obligation, shall be entitled to 45 months of educational assistance under chapter 34 of title 38. Under current law, a veteran who is entitled to 36 months of assistance (or the equivalent thereof in part-time assistance) and who had not received his standard undergraduate college degree, may be granted up to 9 additional months of benefits for pursuit of such a degee. The bill would grant up to 9 additional months without such a requirement.

The purpose of the GI bill has been to restore lost educational opportunities for those individuals whose careers have been interrupted or impeded by reason of their active duty service, and to aid them in attaining the educational status to which they might have normally aspired and attained had they not served their country.

It is our view that 36 months of entitlement is reasonable and equitable, since it permits the individual to attend 4 years of college, based on actual semester attendance of about 9 months each, or to attend a program of education not leading to a college degree for 3 full years.

Historically, there has always been a statutory limit on the number of months of entitlement available to veterans. Under the World War II GI bill program, a veteran, who served on active duty for a period of 90 days or more, and who was discharged or released under conditions other than dishonorable, was granted entitlement to 1 year of educational benefits, plus the time he was in the active service between September 16, 1940, and July 25, 1947. A maximum of 4 years of benefits was also set. In enacting the Korean conflict GI bill program, the Congress granted veterans 1½ months of benefits for each month of active duty service, with a maximum 36 months of entitlement. At the time the original law setting up the current program was approved in 1966 (P.L. 89–358), the Congress provided 1 month of assistance for each month of active duty service, again with a 36-month maximum. Entitlement was subsequently increased to the Korean-type measurement of $1\frac{1}{2}$ for 1, but the 36-month maximum was retained. Under current law, a veteran who serves continuously on active duty for 18 months or more receives 36 months of entitlement, an extra benefit not available to Korean veterans.

To meet special needs, provisions have been added to the law in recent years which have the effect of providing educational benefits for veterans, under certain specified conditions, without having their entitlement charged. For example, veterans who do not have a high school diploma or who need refresher, remedial, or deficiency courses to qualify for enrollment in an appropriate educational institution, may receive benefits, while pursuing such courses, without charge to their entitlement.

In recently enacted Public Law 93–508, the Congress added the provision, referred to earlier to permit an eligible veteran who is entitled to 36 months of educational assistance, but has not attained his standard undergraduate college degree, up to 9 additional months of benefits for the pursuit of such a degree program. In addition, under all three GI bill programs, where a veteran's entitlement runs out while he is enrolled in a program of education, he has been permitted to continue in that program for an additional limited period of time.

Thus, in these special circumstances, veterans may currently receive benefits for more than 36 months.

We believe that current law provides sufficient entitlement for veterans seriously concerned with pursuing their programs of education or training. In addition, the cost of this provision is wholly unacceptable. It is estimated that the cost of such a provision (based upon an effective date of January 1, 1976) would be $434.5 million over the period January 1, 1976, through fiscal year 1980. A cost increase of this magnitude is substantially in excess of the amounts which can be afforded for this program, particularly in view of the overall Federal budget deficit.

For these reasons, we oppose the enactment of section 2 of H.R. 9576.

Section 4 of H.R. 9576 would amend sections 1681(b) and 1731(a) of title 38 to permit the payment of educational assistance benefits for a period of up to 30 days where an eligible veteran or eligible dependent transfers from one school to another between terms. The Veterans' Administration favors these changes.

Frequently, veterans or dependents enrolled for two successive terms at a particular school transfer to a new school for the second term. Usually they pursue the same or a similar program, but are denied payment for the break between the end of the enrollment period at the first school and the beginning of the next term at the second school because, technically, they are not enrolled at either school during the break period. A veteran or dependent who is enrolled at the same school for both such semesters is paid for the break period, except for any calendar month in which no training is scheduled.

Since transfers to a new school are not usually made known to the Veterans' Administration promptly, overpayments have been created which result in nonpayment periods for the veteran or dependent in the new term when the overpayment is collected. The veteran or dependent has usually already spent the money and lacks current funds for his training. The proposals would end the need for creating an overpayment against the veteran or dependent for this interim period of time, would eliminate the imposition of hardship on such individuals by requiring collection of the overpayment, and would eliminate the paperwork required for creating and collecting the resulting overpayment.

While we favor both of these provisions, we would suggest that each be amended to assure that the authority granted would only be applicable in those cases where there is no more than a 30-day period elapsing between the termination of enrollment in the first school and enrollment in the second school. We believe that without this clarification the provision could be interpreted to apply to cases where considerable periods of time elapse between the two school terms.

Section 6 of H.R. 9576 amends section 1818(a) of title 38 to insert in that section a definition of "eligible veteran." The net effect of this is to provide for continuation of the present VA loan guaranty program. Section 1652(a) of title 38 defines an "eligible veteran" for the purposes of entitlement to education benefits. Section 1818 of title 38, in turn, relates to eligibility for loan guaranty benefits, with eligibility under this latter program currently premised upon the definition of "eligible veteran" as set forth in section 1652(a). Amending the definition of "eligible veteran," as proposed in section 1 of the bill, without any change in section 1818, would have the effect of barring the loan guaranty benefits with respect to those entering service after December 31, 1975. The provisions in section 6, therefore, as noted, set up a separate definition of "eligible veteran" for loan guaranty purposes with continuation of the program.

The loan guaranty program was originally conceived in 1944 with the objective of diminishing, to the greatest possible extent, the economic and sociological problems of post-war readjustment of the millions then serving in the Armed Forces. This concept arose because of the feeling that veterans, in view of their service in the Armed Forces, had missed an opportunity to establish themselves in a business or profession, and to establish a credit rating which could be the basis of borrowing to acquire a home. The loan guaranty program was an attempt to place veterans on a par with their nonveteran counterparts.

The VA home loan guaranty program, from its inception in 1944, to the end of fiscal year 1975, has been instrumental in inducing private lenders to extend $114.4 billion to more than 9 million veterans to purchase or construct homes. Of these, about 56 percent already have been paid in full, and only about 3.6 percent went into foreclosures. In addition, through the direct loan program, the VA has helped another 322,000 veterans become homeowners by directly lending some $3.2 billion. The estimated net cost to the Government of the loan guaranty program and the direct loan program, through fiscal year 1975, has been $868.8 million.

It should be pointed out, however, that those persons now entering military service are doing so voluntarily and in time of peace. This fact, coupled with the increases in pay granted members of the Armed

Forces in recent years and the annual comparability pay raises now provided, makes it possible that such readjustment benefits may be considered unnecessary.

Eliminating loan guaranty eligibility for post-Vietnam peacetime veterans would be consistent with the Administration's goal of eliminating duplicative Federal programs. Further, the peacetime veteran would still have the opportunity to receive housing assistance by obtaining an FHA loan insured by the Department of Housing and Urban Development. Veterans with 90 days or more of active service are eligible (under section 1709(b)(2) of title 12, United States Code) for such loans with more liberal down-payment terms than the usual FHA loans.

If legislation were to be enacted which would terminate the loan guaranty program on the same basis as the GI bill education program, this would have no effect on the home loan entitlement of veterans of World War II, the Korean conflict, or any veteran who serves after January 31, 1955, and before any termination date which might be set. Thus, administration of the loan program operated by the Veterans' Administration would continue for many years.

Section 5 of the measure would add a new section 1807 to title 38 to establish eligibility for loan guarantee benefits for those veterans who served after July 25, 1947, and prior to June 27, 1950. These veterans are not eligible for such benefits under current law.

Should the Congress decide to either continue or terminate the loan guarantee program for persons serving in the post-Vietnam era, the Veterans' Administration would have no objection. If a decision is made to terminate the program for such persons, we believe it would be inconsistent to extend entitlement to such benefits to veterans who served during the 1947–1950 period, as provided under section 5.

Section 7 of the bill would repeal, effective upon enactment, subchapter VI of chapter 34 of title 38 which provides authority for the Predischarge Education Program (PREP). It would, however, permit persons enrolled in such programs on that date to continue to pursue their program through the period in which then enrolled.

PREP was established by Public Law 91-219, effective March 26, 1970, and was designed to assist servicemen and women to prepare for their future education, training, or vocation by providing them with the opportunity to enroll in and pursue a program of education or training prior to their discharge from active duty in the Armed Forces. The program is coordinated by the Veterans' Administration and the Department of Defense.

At the time PREP was established, recruitment for the Armed Forces followed a different philosophy from the present. In 1970, this country was still engaged in hostilities in Vietnam. Military requirements were being met by drafting individuals when the services could not meet their requirements through voluntary enlistments. In some cases, it was evident that individuals were in need of high school diploma courses, or remedial, deficiency, or refresher courses to prepare them to pursue an appropriate course of education or training in an approved educational institution or training establishment following their release from service.

Presently, the Department of Defense administers an All-Volunteer program. To attract qualified men and women into this military force, the military services recognize that they must provide effective inducements, among which educational opportunity is one of the most attractive. Extensive educational training programs have been developed by the Department of Defense as a means of recruitment and retention of qualified individuals in the new program.

It is our view that the continued need for PREP is no longer apparent. The educational programs developed by the Department of Defense are available to those individuals who are in the military service and range all the way from vocational training through graduate work. These Department of Defense programs can provide the means for obtaining high school diploma completion and/or remedial education, as required. For these reasons, we favor this portion of the measure.

As a technical matter, if the PREP program is repealed, as is proposed here, we would recommend that clarifying amendments be made to sections 1661(c), 1673(d), 1780(d)(2), 1780(d)(3), 1780(d)(5), 1780(f), 1780(g), 1784(b), 1788(a)(6), and 1789(b)(5) of title 38, to delete references in such sections to this program.

Section 8 of the measure would amend section 2108(1)(B) of title 5, United States Code, to limit the 5-point preference in Federal employment to those veterans separated under honorable conditions from service with the Armed Forces who served for a period of more than 180 days, any part of which occurred after January 31, 1955, and before May 8, 1975. The effect would be to bar eligibility for such preference points for individuals entering service after May 7, 1975, the date set by the President's proclamation as the ending date for the Vietnam era. It is our understanding that this would not affect eligibility for preference points for Federal employment purposes of disabled veterans or for those serving under specified conditions.

The question of granting 5-point preference in Federal employment to peacetime veterans falls within the jurisdiction of the Civil Service Commission. We understand that Agency, in a report to your Committee on October 28, 1975, recommended this type of preference be terminated. We have no objection to the Commission's recommendation.

Finally, we would point out that enactment of H.R. 9576 would not affect our vocational rehabilitation program under which veterans, who are disabled because of a service-connected disability, are furnished vocational training. Nor, with the minor exception of the change provided by section 4 of the measure, would it affect our educational programs for wives, widows, and children.

We estimate that enactment of H.R. 9576 in its present form would result in a net cost in fiscal year 1976 (assuming the January 1, 1976, effective date) of $91.2 million and in net savings through fiscal year 1980 of approximately $1.1 billion. By programs, it is estimated that termination of the GI bill education program would result in savings of $4.4 million in fiscal year 1976 and total savings of $1,444.9 billion through fiscal year 1980; termination of the PREP program would result in savings of $17 million in fiscal year 1976 and total savings of $131.2 million through fiscal year 1980; continuation of the loan guaranty program would result in an additional cost of $300,000 in fiscal year 1976 and in total costs of $27 million through 1980; and extension of 9 additional months of educational entitlement would result in additional direct benefits cost of $112.3 million in fiscal year 1976 and in additional direct benefits cost of $434.5 million through fiscal year 1980. A detailed breakdown of costs/savings for the various program changes by fiscal year follows:

TERMINATION OF GI BILL EDUCATION PROGRAM

Fiscal year:	Direct Benefits savings (in millions)
1976	$4.4
Transition	4.0
1977	91.4
1978	239.9
1979	436.8
1980	668.4
Total through 1980	$1,444.9

TERMINATION OF PREP PROGRAM

Fiscal year:	Direct benefits savings (in millions)
1976	$17.0
Transition	8.5
1977	28.9
1978	27.3
1979	25.6
1980	23.9
Total through 1980	$131.2

COST OF EXTENDING THE LOAN GUARANTY PROGRAM

[In millions of dollars]

Fiscal year	GOE	Direct loan expenditures	Expenses and losses	Total
1976	0.1	0.2	(1)	0.3
Transition	.1	.2	(1)	.3
1977	.6	1.7	0.4	2.7
1978	1.2	3.1	.9	5.2
1979	2.0	4.5	1.5	8.0
1980	2.9	6.0	1.6	10.5
Total	6.9	15.7	4.4	27.0

[1] Less than $50,000.

COST OF ADDITIONAL 9 MONTHS OF ENTITLEMENT

Fiscal year:	Direct benefits cost (in millions)
1976	$112.3
Transition	34.9
1977	124.1
1978	58.0
1979	54.4
1980	50.8
Total through 1980	$434.5

In summary, the Veterans' Administration favors termination of the GI bill education program. We would, however, urge favorable consideration of the substitute provisions which we have proposed in conjunction with such termination legislation to carry out the recommendations of the Department of Defense. We favor termination of the PREP program effective upon enactment, together with the savings provision which would permit those individuals enrolled in programs as of that date to continue to pursue their programs through the end of their current enrollment. We favor the provisions which would permit continued payment of educational benefits, for up to 30 days, when a veteran or a dependent transfers from one school to another between consecutive school terms. We have no objection to the views of the Civil Service Commission on the matter of ending the 5-point preference in Federal employment for those entering service on or after May 8, 1975. Should the Congress decide to terminate or continue eligibility for loan guaranty benefits of post-Vietnam era veterans, the Veterans' Administration would have no objection. We oppose the granting of up to 9 additional months of educational entitlement for veterans.

We are advised by the Office of Management and Budget that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely,

RICHARD L. ROUDEBUSH,
Administrator.

Enclosure.

AMENDMENT

H.R. 9576, 94th Congress, is amended as follows:

(1) On page 1, beginning with line 3, strike out all down through line 12 on page 3, and insert in lieu thereof the following:

"That section 1652(a)(1) of title 38, United States Code, is amended to read as follows:

'(a)(1) The term "eligible veteran" means any veteran who:

'(A) served on active duty for a period of more than 180 days, any part of which occurred after January 31, 1955, and before the first day of the second calendar month following the date of enactment of this Act, and who was discharged or released therefrom under conditions other than dishonorable; or

'(B) contracted with the military services and was enlisted in a reserve component prior to the termination date provided in clause (A) of this subsection and as a result of such enlistment served on active duty for a period of more than 180 days, any part of which commenced within 12 months after the termination date set forth in clause (A) of this subsection, and was discharged or released from such active duty under conditions other than dishonorable; or

'(C) was discharged or released from active duty, any part of which was performed after January 31, 1955, and before the termination date provided in clause (A) of this subsection, or following entrance into active service from an enlistment provided for under clause (B) of this subsection, because of a service-connected disability.'

"SEC. 2. Section 1652(a)(2) of title 38, United States Code, is amended by inserting immediately after 'paragraph (1)(A)' the following: 'or (B)'.

"SEC. 3. Section 1661(a) of title 38, United States Code, is amended—

'(1) by inserting immediately after "January 31, 1955," each time it appears therein the following: "and before the first day of the second calendar month following the date of enactment of this Act"; and

'(2) by adding at the end thereof the following new sentence: "In the case of any person in the active military service before the first day of the second calendar month following the date of enactment of this Act, or a person eligible under section 1652(a)(1)(B) of this chapter, the ending date for computing such person's entitlement shall be the date of such person's first discharge or release from active duty.".'

"SEC. 4. Section 1662 of title 38, United States Code, is amended by adding at the end thereof the following new subsection:

'(e) In no event shall educational assistance be afforded to any eligible veteran under this chapter, or chapter 36 of this title, after 10 years after the first day of the second calendar month following the date of enactment of this Act.'";

(2) on page 3, line 13, strike out "SEC. 4" and insert in lieu thereof "SEC. 5";

(3) on page 4, line 14, strike out "SEC. 5" and insert in lieu thereof "SEC. 6";

(4) on page 5, line 7, strike out "SEC. 6" and insert in lieu thereof "SEC. 7";

(5) on page 5, line 21, strike out "SEC. 7" and insert in lieu thereof "SEC. 8";

(6) on page 6, line 10, strike out "SEC. 8" and insert in lieu thereof "SEC. 9"; and

(7) on page 6, line 15, strike out "SEC. 9" and insert in lieu thereof "SEC. 10".

[No. 88]

COMMITTEE ON VETERANS' AFFAIRS, U.S. SENATE

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., February 26, 1976.

Hon. VANCE HARTKE,
Chairman, Committee on Veterans' Affairs,
U.S. Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request of October 15, 1975 for the views of this office on H.R. 9576, a bill "To amend title 38 of the United States Code in order to set a termination date for veterans' educational benefits under chapters 34 and 36 of such title, to extend the maximum educational benefits to 45 months under chapter 34 of such title, and for other purposes."

In its report to your Committee on H.R. 9576, the Veterans' Administration discusses the provisions of the bill in detail and states its position on each provision. We concur with the views expressed in the VA report. In particular, the VA favors the provisions which would terminate the GI bill education program, with certain amendments related to the termination date. The VA, however, opposes the provision which would extend GI bill entitlement from 36 to 45 months, since current law already provides sufficient entitlement and the substantial additional cost involved is excessive.

Termination of the eligibility period for GI bill education and training benefits is a recommendation which the President made on May 7, 1975. Our support for this recommendation was previously expressed in our report of October 6, 1975 to your Committee on S. 1805, a bill identical to the draft legislation transmitted to the Congress by the President. We hope the Committee will act promptly and favorably on this matter.

Accordingly, we favor enactment of the provisions of S. 1805 with the amendments recommended by VA and the Civil Service Commission in their reports on that bill to your Committee, of September 30, 1975 and October 28, 1975, respectively. The views of the VA on H.R. 9576, with which we concur, are consistent with that position.

Sincerely,

(Signed) JAMES M. FREY,
Assistant Director for Legislative Reference.

VANCE HARTKE, IND., CHAIRMAN
HERMAN E. TALMADGE, GA.
JENNINGS RANDOLPH, W. VA.
ALAN CRANSTON, CALIF.
RICHARD (DICK) STONE, FLA.
CLIFFORD P. HANSEN, WYO.
STROM THURMOND, S.C.
ROBERT T. STAFFORD, VT.
WILLIAM L. SCOTT, VA.
FRANK J. BRIZZI, STAFF DIRECTOR
GUY H. McMICHAEL III, GENERAL COUNSEL

United States Senate
COMMITTEE ON VETERANS' AFFAIRS
WASHINGTON, D.C. 20510

May 20, 1975

Honorable Richard L. Roudebush
Administrator
Veterans Administration
810 Vermont Avenue, N.W.
Washington, D.C. 20420

Dear Mr. Administrator:

We were glad to have the opportunity to review the March 10, 1975, DVB Circular 22-75-3, which we found to be most comprehensive. We noted your emphasis on cooperation with other agencies and groups involved with providing assistance to handicapped persons, and we remain encouraged by your efforts in this regard. We hope you will keep us advised of your progress in implementing the directives of this Circular. We, particularly, will be interested in the California and Indiana quarterly reports.

We are writing to you now regarding the implementation of various other provisions of P.L. 93-508, the Vietnam era Veterans Readjustment Assistance Act of 1974, as well as two other matters.

I. VA WORK/STUDY (VETERAN-STUDENT SERVICES)

(1) What have been the results of the removal, section 205 of P.L. 93-508, of the 800 man-year statutory ceiling on the total number of veterans permitted to participate in the work/study program in any fiscal year? We have received a number of reports indicating that requests for additional work/study slots have been denied, despite the removal of the ceiling. Such denials have occurred in San Francisco, Chicago, Sioux Falls, and Houston. Why were these requests denied? We would appreciate your providing us with nationwide data on the implementation of the unrestricted work/study program since the enactment into law of P.L. 93-508, including all VARO requests and ultimate allocations station-by-station.

(2) DVB Circular 20-75-27, page 2, item 5, indicates that the FY 76 survey of the number of veteran-students whose services may be effectively utilized by the VA in the work/study program will be completed by the end of April. We would appreciate your providing us with a copy as soon as possible.

In this connection, we were pleased to note that school officials, as well as Directors of VA hospitals and domiciliaries, will be consulted in determining the number of work/study positions that could be utilized effectively. We have long been concerned about making better use of these positions in VA hospitals, where we believe there is a great need to provide additional services to patients and assistance to staff. We would appreciate receiving a report from you and Chief Medical Director Chase detailing plans that are being developed for making better use of work/study positions in hospitals and domiciliaries, and specifically how many work/study positions will be allocated for this purpose in FY 1976. We are also interested in learning what factors have prevented this from occurring since the work/study program was enacted in P.L. 92-540.

(3) We have been advised that at institutions where there is more than one veterans' program, such programs have been forced to compete for the services of the same work/study participant. Are Vet Reps, VCI (Veterans Cost-of-Instruction) coordinators, and other campus veterans offices all being provided adequate assistance by work/study participants?

(4) In what other VA-related activities have you contemplated using work/study participants?

II. EVALUATION AND DATA COLLECTION

Section 219, added to title 38 by P.L. 93-508, requires the Administrator, pursuant to general standards which he shall prescribe in regulations, to measure and evaluate on a continuing basis the impact of all programs authorized under this title, in order to determine their effectiveness in achieving stated goals in general, and in achieving such goals in relation to their cost, their impact on related programs, and their structure and mechanisms for delivery of services.

Section 219(c) further provides that the Administrator shall make available to the public, and on a regular basis provide to the appropriate committees of the Congress, copies of all completed evaluative research studies and summaries of evaluations of program impact and effectiveness carried out, and tabulations and analyses of all data collected, under this section.

We understand that a most useful VA and Senate staff meeting concerning the implementation of this provision took place on May 16. At that meeting, the Assistant Administrator for Planning and Evaluation, Mr. Blake Turner, agreed to provide the Committee with the following information:

(1) A detailed report on each VA assistance program, specifying: the total cost of the program; the beneficiary impact of the program; the number of VA personnel involved in implementation of that program (FTEE level); your priority for initiating evaluation activities as to each program; and a long-range plan for putting in place an on-going evaluation schedule for all such programs.

(2) A complete list and brief description of all current VA "in-house" and contracted-out data collection and evaluation activities and the resources available for fulfilling these responsibilities.

(3) A report on the VA's evaluation and data gathering programs, and resources committed to them, as compared to similar activities carried out by other large Federal departments and agencies (e.g., Defense, HEW, HUD, Transportation).

We are aware of the limited staff currently available to complete these reports, and we, therefore, do not expect to receive all completed reports at the same time. We would hope, however, that the staff will complete as many reports as possible prior to the early July follow-up meeting agreed to by participants in the May 16 meeting.

III. COORDINATION OF OTHER FEDERAL PROGRAMS AFFECTING VETERANS AND THEIR DEPENDENTS

With respect to section 220, added to title 38 by P.L. 93-508, as we have said, we are encouraged by the cooperative activities you have initiated thus far. Could you now provide us with a summary of all your activities thus far and those planned for FY 1976 to seek to achieve the maximum feasible effectiveness, coordination, and interrelationship of services among all programs and activities affecting veterans and their dependents carried out by and under all other departments, agencies, and instrumentalities of the executive branch? We hope that a staff level meeting, such as the May 16 meeting on section 219, will be scheduled for the near future to discuss implementation of section 220.

IV. VETERANS' REPRESENTATIVES

Section 243(a)(3), added to title 38 by P.L. 93-508, describes the responsibilities of the Veterans Representatives--their primary function (clause (A)) being to expedite the Veterans Administration's implementation of the educational benefits program under title 38.

Last June, in response to concerns Senator Cranston raised about the implementation of the Vet Rep program, then Office of Management and Budget Director Roy L. Ash advised that an initial evaluation of the program would be undertaken by the end of December 1974. Please provide us with a copy of this report.

We particularly are anxious to review your evaluation of the program, and to compare it with the reports we have received from colleges and universities where the program has been implemented.

For example, although flexibility in terms of assigning Vet Reps to VA regional offices instead of to a particular campus was promised last year and written into section 243, we have not heard of one instance where such an arrangement has been facilitated by the VA. Yet we are aware of many campuses that have requested such an arrangement.

We will look forward to a detailed report on the implementation of the Vet Rep program.

V. MISCELLANEOUS

Finally, with respect to two other matters: (1) We recently received a copy of your publication, "Federal Benefits for Veterans and Dependents. We were concerned that we were unable to find any reference to veterans' student services under the G.I. Bill, or to the section 2012 and 2014 employment provisions as amended by P.L. 93-508. We would appreciate learning why these benefit programs were not included in this publication.

(2) In early March, we learned of the VA's new veterans benefits delivery system (Target System) and your plans for extending this Pilot System to three additional regional offices, including Los Angeles, California. At that time, a member of Senator Cranston's staff spoke to Chief Benefits Director Rufus Wilson expressing concern that no experimental program should be implemented in L.A. until adequate safeguards were taken to prevent a foul-up in the educational benefits program resembling the December, 1973, check crisis. It was felt strongly that all interested groups and persons affected by the experiment must be adequately notified, and given full opportunity to comment and make suggestions before any such new system is implemented.

We would appreciate learning the following with respect to this pilot program: (a) a record of its performance in Philadelphia and Baltimore; (b) the status of plans for implementation in L.A., New York, and Washington, D.C.; (c) what arrangements have been made and what meetings have been held with veterans groups, VCI coordinators, and other interested persons; (d) what training arrangements have been made for those VA employees who will be operating the new system; and (e) what arrangements will be made for providing Senator Cranston with regular reports on the implementation of the program in Los Angeles.

* * * * *

We will appreciate your assistance in providing us with information on a timely basis on all of the above matters. Please also provide updated semiannual progress reports on these matters.

With best wishes, and many thanks for your continuing cooperation.

Sincerely,

Vance Hartke
Vance Hartke
Chairman

Alan Cranston
Alan Cranston

cc: Dr. John D. Chase
Chief Medical Director
Veterans Administration

Mr. Blake Turner
Assistant Administrator for
Planning and Evaluation

VETERANS ADMINISTRATION
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS
WASHINGTON, D.C. 20420

JUNE 1 9 1975

The Honorable
Vance Hartke
Chairman, Committee on
Veterans' Affairs
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

This will reply to your letter of May 20, 1975, written on behalf of yourself and Senator Alan Cranston, commenting on our efforts to cooperate with other agencies in providing assistance to handicapped persons, and asking for a report by the Veterans Administration on our progress in implementing the provisions of Public Law 93-508, the "Vietnam Era Veterans' Readjustment Assistance Act of 1974."

I am pleased that you have had an opportunity to review our publication, DVB Circular 22-75-3, and that you are encouraged by the efforts we have made in cooperating with other agencies in providing assistance to handicapped persons. I will keep you advised of our progress in implementing this directive, and will provide you with quarterly reports which relate to Indiana and California, as you requested.

I would now like to comment on the specific questions you raised in connection with our implementation of Public Law 93-508 and answer them in the same order as presented.

I. VA WORK/STUDY (VETERAN-STUDENT SERVICES)

Public Law 92-540, effective October 24, 1972, established the work-study program and also imposed an

800 man-year ceiling (or its equivalent in man-hours) during any fiscal year. Public Law 93-508, effective December 3, 1974, removed this statutory ceiling. Under the initial law, 1.6 million man-hours were allocated to field stations in Fiscal Year 1975. The liberalization of Public Law 93-508 dramatically changed this allocation. Requests from regional offices, which were approved in our Central Office, raised the total allocation to 3.167 million man-hours for Fiscal Year 1975. This represents just under a 100-percent increase for that Fiscal Year.

Section 1685 of title 38, United States Code, as you are aware, authorizes the use of veteran-students in four general categories. The same section also provides that the Administrator shall determine the number of veterans whose services the VA can effectively utilize and the types of services that such veterans may be required to perform. These determinations are based on an annual survey of regional offices.

You state that you have received a number of reports indicating that requests for additional work-study slots have been denied, despite the removal of the ceiling, and that such denials have occurred in San Francisco, Chicago, Sioux Falls, and Houston. I regret that without more information we cannot advise why denials were made. However, if you could supply us with more detailed information concerning these denials, such as the name of the requesting party or educational unit, hours involved, services to be performed, and date of request, I will endeavor to provide a meaningful response to you.

Attachments I-5A and I-5B (copies enclosed) show a station-by-station breakdown of work-study hours requested for Fiscal Year 1976. These are preliminary figures, and final approval and allocations have not yet been made. A review of the requests is needed to assure that there is effective utilization, specified supervision, and nondisplacement of regular employees. It is expected that this review will be completed in advance of Fiscal Year 1976.

Of the 9.4 million man-hours requested, 1.2 million are allocated for use in VA medical installations and domiciliaries. Under the previous overall ceiling of 1.6 million man-hours, there had been limited use of veteran-students in this area. Most student services were used in schools and regional offices assisting full-time employees to identify and expedite payment of disability benefits and educational assistance allowances.

DVB Circular 20-75-27, copies of which have already been furnished the Committee staff, specifically provides for use of veteran-students in the Veterans-Cost-of-Instruction (VCI) program. Interchangeable use of such students was approved in the VA Vet-Rep program, the VCI program, and the Campus Office of Veterans Affairs. Adequate assistance should be available for all of these programs. We know of no situation where VCI coordinators and Vet-Reps have found it necessary to compete for the services of the same work-study participant. School officials and VCI coordinators will be responsible for defining jobs to be performed by work-study personnel as accurately as possible in order to properly determine whether such functions are permissible under work-study criteria provided within section 1685(a)(1)-(4) of title 38, United States Code. There is no reason why there should be any conflict, as the tasks are different in scope. However, it is possible there could be competition for a promising applicant at a particular school.

We envision a great deal of work-study usage in the terms of outreach services and other activities of VA, and increased efforts by other activities and organizations with which we share our mission. These groups encompass agencies of Federal, State, and local governments, as well as recognized national and local organizations. The general guidelines for such interagency cooperation are defined in section 244 of title 38.

II. EVALUATION AND DATA COLLECTION

I am pleased that the meeting between representatives of the Veterans Administration and the Committee staff on May 16 provided you with useful information on our plans for the implementation of section 219 of Public Law 93-508--the section relating to evaluation and data collection responsibilities of the VA. A task force has been organized to prepare detailed reports on each of our assistance programs and the other data you have requested pertinent to this new provision of law. As they are completed, copies will be furnished to you. We shall endeavor to complete as many of these reports as possible prior to a contemplated early July follow-up meeting.

III. COORDINATION OF OTHER FEDERAL PROGRAMS AFFECTING VETERANS AND THEIR DEPENDENTS

Section 213 of Public Law 93-508 seeks to achieve the maximum feasible effectiveness, coordination, and interrelationship of services among all programs and activities affecting veterans and their dependents carried out by other departments and agencies, and to achieve the maximum coordination of those programs with programs carried out by the VA under title 38. The VA is engaged in a number of cooperative activities which are currently being implemented on both a national and local level by the VA. Many of these programs are briefly described herein.

The President's April 1974 call to further improve Federal services of all kinds resulted in the establishment of the Domestic Council Committee on Veterans Services. The VA is an active member of this Committee, joining other Federal Agencies concerned with veterans affairs. VA is very active with the Interagency Jobs for Veterans Advisory Committee, which is composed of six participating agencies--the Departments of Defense, Commerce, Labor, Health, Education, and Welfare, the National Alliance of Businessmen, and the VA. The function of this Committee is to help achieve the employment and training objectives of the President's veterans programs, as recommended by the Domestic Council Committee. The interagency Advisory Committee has developed a plan of action for Fiscal Year 1976 which draws upon the combined resources and efforts of the six participating agencies. This plan is expected to contribute much to the attainment of goals providing improved job placement, on-the-job training, and institutional vocational training to more than 1 million Vietnam era veterans.

The VA is also working with the National Commission for Manpower Policy. The work of the Commission centers on the development of recommendations and procedures for the opening up of potential work sites for Public Service Employment (PSE), as provided for under the Comprehensive Employment Training Act (CETA). Such "work sites" might conceivably involve VA hospitals, regional offices, or other VA installations.

The VA, in conjunction with the Department of Labor and the National Alliance of Businessmen, is working closely on employment-related goals, including implementation of the "Mini-resume" program for service-disabled veterans, as well as currently exploring the "Split-job" concept which will focus on part-time employment for veterans receiving educational benefits. Fiscal Year 1976 will see the nationwide expansion of this concept. VA also provides representatives at Veterans Employment Seminars (sponsored by NAB) for veterans seeking employment counseling and contact with private employers.

Job Fairs have been conducted throughout the United States, including the Washington, D. C., area. The VA works with other Federal agencies in providing expertise and assistance to veterans and participating employers at these fairs, and is instrumental in acquainting veterans with the full range of benefits to which they are entitled. We will continue to support the National Alliance of Businessmen in this worthwhile endeavor.

The U.S. Employment Service and State employment agencies have cooperative agreements with VA, Department of Defense, and Selective Service for providing services to veterans. Referral by VA of job-ready veterans is a vital cooperative link in providing coordinated services.

The VA is providing input to the Military Accreditation and Apprenticeship Training Program, through which the skills needed by industry, labor, and business over the next decade will be harmonized to the maximum extent possible with the training received by servicemen and servicewomen. The ultimate goal is recognition, including licensing of military vocational training by industry and unions at national, state, and local levels. In this endeavor, the VA communicates with the Departments of Labor, Defense, Commerce, and Health, Education, and Welfare.

Under the Emergency Medical Service System Act of 1973 (Public Law 93-154), the Federal Government was directed to assist government agencies in setting up a local emergency medical system throughout the nation. It further stipulated that hiring preference be given to Vietnam era veterans to function as medical technicians, paramedics, ambulance drivers, or other related medical capacities. There are now eight pilot programs testing the viability of this concept. The VA, in conjunction with the Departments of Labor and Health, Education, and Welfare, and other agencies, is assisting in the effort to develop this program. VA will provide assistance to other agencies regarding the identification of eligible veterans for possible recruitment.

The American Council on Education program is another activity supported by the VA. VA coordinates with the Departments of Defense, Labor, and Health, Education, and Welfare on the evaluation of military training. In this regard, VA makes recommendations with respect to the applicability of military training to vocational/technical certificate programs, degree programs, and military and labor training programs.

The VA also coordinates with the Departments of Defense and Health, Education, and Welfare in the development of the Servicemen's Opportunity College (SOC) program.

The emphasis in this participation is to increase State concern and regard for residents in uniform. It also promotes programs which encourage concurrent enlistment/enrollment in State postsecondary systems.

Another joint venture by the VA, the Departments of Defense, and Health, Education, and Welfare is underway. This venture focuses on attempts by these agencies (Defense is the lead agency) to promote adult high school diploma standards throughout the United States, including the feasibility and desirability of the Department of Defense awarding the high school diploma in cooperation with the academic community.

The VA has participated with the National Alliance of Businessmen in the Department of Defense Overseas Career Information Fairs conducted in Europe and Asia. Representatives of the VA brought to service personnel special expertise on veterans benefits. These representatives, cooperating with National Alliance of Businessmen and Department of Defense officials, acquainted service personnel with job assistance benefits which the VA can provide after separation from active service.

VA's VETREACH program is implemented in cooperation with community volunteer agencies and seeks to pool the resources of these community groups with VA counselors and outreach volunteers. Each VETREACH center is staffed by VA with as many as five staff members, including a project director, social worker, and benefits counselor. The VA staff provides indepth counseling and assistance, while offering support and guidance to outreach volunteers who seek out and encourage them to make use of their VA benefits.

Checks processed for payment to veterans by the VA require some effective mode of delivery. The Treasury Department cooperates with VA in ensuring speedy processing of such checks and routing to the U.S. Postal Service for ultimate delivery to the veteran.

VA's Title VI Compliance Survey is, of course, closely involved in coordinating matters related to compliance efforts to ensure equal educational opportunity. In this respect, the VA and the Department of Justice share responsibility, although the Department of Justice retains ultimate responsibility for Title VI regulations. The VA also refers complaints or areas of noncompliance for corrective action to the Department of Health, Education, and Welfare, Internal Revenue Service, and the Bureau of Apprenticeship and Training.

Matters of compliance in hiring procedures are also coordinated with the U.S. Civil Service Commission. Referrals by U.S. Veterans Assistance Centers (VA and Department of Labor cooperative effort utilizing the "one-stop" concept), job referrals to State employment agencies, and the hiring of veterans by the VA are all done with recognition of the necessity to meet requirements as set forth by the Civil Service Commission. VA proceeds with various other Federal agencies, on the local as well as the national level, in coordinating with the U.S. Civil Service Commission policies designed to provide consistent and fair hiring policies for veterans.

The VA has now established as a requirement that all Federal and State prisons be visited twice a year and that briefings for prison staff be conducted annually. Veteran Services Officers will schedule semiannual visits by use of their personnel, including Community Service Specialists, Veterans Benefits Counselors, and Vet-Reps. The purpose of this Fiscal Year 1976 goal is to conduct group briefings and individual counseling for veteran-inmates. Prison officials are also assisted by advising them as to what assistance is available for local, county, and/or State service officers and veterans service organizations, particularly with regard to specialized help in the matter of applications for review of discharge.

GSA and the VA are working closely in a joint endeavor to increase the efficiency of telephone service to veterans and their dependents. As a result of this cooperative effort, toll-free service via FX and WATS lines is being provided. If the funds are available, Fiscal Year 1976 will see the results of long-range traffic studies being implemented throughout the Nation.

In addition, VA maintains ongoing coordination with HUD/FHA in matters relating to Minimum Property Standards for new construction, reciprocal compliance inspections of new houses, and other matters affecting veterans housing, in connection with the VA home loan programs.

In implementing and carrying out these coordinated efforts, VA officials at all levels are frequently in meetings and conferences with officials of other departments and agencies. You may be assured that such meetings will continue to be scheduled to seek ways of coordinating programs to veterans and their dependents to ensure full implementation of section 220.

IV. VETERANS' REPRESENTATIVES

A comprehensive report on the Vet-Rep program was prepared in December 1974, and copies were furnished to the Committee. Since the report is extremely voluminous, only the report summary is enclosed with this letter (Attachment IV-1). If additional copies of the evaluative data are deemed necessary, they will be duplicated and furnished upon request.

The favorable correspondence has continued at much the same level as was indicated in the December report. There is only minor resistance to the program in isolated spots. Acceptance of the program by school officials and the public has exceeded our most optimistic expectations.

When the program was initially implemented, directives to the field permitted much flexibility in the assignment of Vet-Reps to campuses. Many adjustments have been made because of the needs of veterans, the desires of the schools concerned, the availability of Veterans-Cost-of-Instruction Coordinators, and the limited number of Vet-Reps authorized.

Prior to enactment of Public Law 93-508, many personnel adjustments occurred without specific approval by the Chief Benefits Director. Vet-Reps are sometimes utilized in VA regional offices to perform duties solely related to payment of educational assistance allowances to veterans of one or more educational institutions. Since the enactment of Public Law 93-508, approval has been granted by the Chief Benefits Director in additional cases. During a workshop held in May 1975, all Veterans Service Officers were reminded of the requirement for the Chief Benefits Director's approval and were encouraged to make adjustments when the situation warrants, as determined by coordination with school officials and review of Vet-Rep activity. Obviously, the requirement to serve schools offering courses not leading to a standard college degree imposed by Public Law 93-508 will necessitate continuing personnel adjustments unless additional Vet-Rep allocations can be provided.

V. MISCELLANEOUS

Concerning our publication, "Federal Benefits for Veterans and Dependents," this pamphlet is designed to provide summary information about Veterans Administration programs in a single booklet form. As such, it is not intended as a comprehensive publication to provide detailed information about all of our programs. Details on many of these individual programs are provided through supplemental publications which are given out when the veteran seeks information on specific benefits. For example, information concerning the Work-Study program is contained in VA Pamphlet 20-67-1, a copy of which is enclosed. It should be pointed out that primary responsibility for carrying out the requirements of sections 2012 and 2014 of title 38, comes within the purview of the Department of Labor and the Civil Service Commission. You may be assured, however, that, when our publication is revised, we will give serious consideration to the inclusion of the information in the pamphlet.

With respect to our new veterans benefits delivery system (Target System) and our plans to extend this program to three additional cities, I would like to point out that initially we expect to install at Los Angeles, New York, and Washington, D. C., only the inquiry capability from the PILOT system currently undergoing tests at Philadelphia and Baltimore. We have contacted all concerned Congressional Committees and Veterans Service Organizations regarding our intent and are in the process of scheduling a demonstration of this capability at VA Central Office in the very near future. We would like to arrange a preliminary demonstration at any time for members of your Committee.

We have made an on-site visit to Los Angeles and discussed the terminal placements throughout that office with the Director and GSA officials. They were very enthusiastic and anxiously await the on-line inquiry capability.

VA and Veterans Service Organization personnel at Philadelphia and Baltimore insist that the inquiry capability is a tremendous asset. They can determine the current Master Record status at Hines through the inquiry system in an average of 5 seconds. The system was discussed at the VFW's spring conferences.

The study at Philadelphia and Baltimore of the functions undergoing testing in the PILOT environment shows a significant improvement in timeliness and quality. According to early reports, installation of the Inquiry Subsystem has enabled Veterans Service personnel to answer well over 50 percent of claims status inquiries without reference to claims folders. This elimination of the research and call-back functions results in improved service and manpower savings.

We have received approval from GSA to proceed with our installation plans for Los Angeles, New York, and Washington, D. C. It will probably take about 90 days to install equipment and lines. We are working on a training plan which we will coordinate with RO personnel to fully acquaint employees with the use of the terminal, security, and privacy safeguards in the system, and the significance of the displayed data as it relates to determining status, etc.

I shall keep the Committee fully informed as we progress with the implementation in Los Angeles. The system has long passed the experimental stage. The Regional Office and Hospital Directors who have been exposed to the capabilities are enthusiastic at having the system installed at their offices as soon as possible.

The information presented in this letter will provide you with what I believe is a comprehensive report of the efforts of the Veterans Administration to implement Public Law 93-508. As I noted earlier, specific information on data collection and evaluation will be provided as it becomes available.

Sincerely,

Associate Deputy Administrator - in the absence of

RICHARD L. ROUDEBUSH
Administrator

Enclosures

VETERANS ADMINISTRATION
DEPARTMENT OF VETERANS BENEFITS
WASHINGTON, D.C. 20420

Date Sept. 30, 1975

In Reply Refer to (042A1)

VETERANS' AFFAIRS COMM.
RECEIVED
C. 20510

Honorable Vance Hartke
Chairman
Committee on Veterans' Affairs
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

We are furnishing data on participation under sections 1691, 1692, 1696 and 1733, title 38, U.S. Code.

At the end of June 1975, 32,683 veterans were in training in the free entitlement program, including 11,957 pursuing remedial or deficiency courses in college and 20,726 who were in training in schools other than college. These numbers represent a sizeable difference from the in training figures for June 1974 when there were 12,908 veterans in training in free entitlement of whom 3,141 were in college and 9,767 were in other schools. The changes in the Predischarge Education Program (PREP) for service personnel in training under the GI bill are not as large, increasing from 2,704 at the end of June 1974 to 2,972 at the end of June 1975. This consists of 914 in colleges compared to 726 the previous year, and 2,058 in other schools as of June 1975 compared to 1,978 one year earlier. Cumulatively, 275,337 veterans and 214,012 service personnel had ever used free entitlement through June 1975.

Under chapter 35, 507 spouses of disabled veterans, spouses of prisoners of war or service persons missing in action, and widows or widowers of veterans who died of a service connected disability were in training in free entitlement. Of these, 89 were in training in colleges and the remaining 418 were training in other schools. This brought the total ever trained through June 1975 to 1,930 spouses and widows(ers) having used free entitlement.

The enclosed table 1 shows by state the total number of veterans eligible under chapter 34 who were in training during fiscal year 1975, and of these, how many ever received free entitlement. It also shows how many veterans and service personnel have received free entitlement since the inception of the program. Table 2 shows the number of spouses and widows(ers) who received free entitlement under chapter 35 during fiscal year 1975. Table 3 is the report for tutorial assistance for the quarter, ending June 1975. It contains both the quarterly data and the data for the program since its inception for both chapters 34 and 35.

By the end of June 1975, a total of 80,609 veterans had received tutorial assistance since July 1970 and 1,231 spouses, widows or widowers had received tutorial assistance since October 1972.

Similar data has been furnished Senator Cranston.

Sincerely yours,

Rufus H. Wilson
RUFUS H. WILSON
Chief Benefits Director

Enclosures

Table 1

INDIVIDUALS TRAINED UNDER CHAPTER 34 DURING FISCAL YEAR 1975 AND NUMBER WHO EVER USED FREE ENTITLEMENT

	Individuals Trained During FY-1975			Cumulative Free Entitlement Trainees Since Program Began	
		Ever Used Free Entitlement			
	Total Trainees	Veterans	Service Personnel	Veterans	Service Personnel
GRAND TOTAL	2,691,566	180,765	103,601	275,337	214,012
U.S. - State Total	2,631,189	177,295	69,010	268,954	128,895
Alabama	59,888	2,684	676	3,800	1,385
Alaska	4,764	71	701	178	1,589
Arizona	45,899	1,900	673	2,573	1,432
Arkansas	23,242	1,120	108	1,630	170
California	423,022	28,243	16,181	40,212	35,873
Colorado	51,381	5,248	2,999	7,026	5,338
Connecticut	27,833	1,604	156	2,615	164
Delaware	8,380	431	270	615	448
District of Columbia	28,822	1,789	640	3,114	914
Florida	109,672	7,118	912	11,872	1,693
Georgia	71,853	8,137	3,204	10,676	5,391
Hawaii	21,238	847	6,941	1,220	11,149
Idaho	9,232	658	60	1,036	97
Illinois	110,117	5,885	907	9,333	1,535
Indiana	44,796	2,118	100	3,584	234
Iowa	26,426	803	10	1,583	16
Kansas	23,708	667	1,245	1,166	1,698
Kentucky	35,508	1,755	2,679	2,571	5,162
Louisiana	39,676	1,762	1,007	2,533	2,031
Maine	13,774	2,574	235	3,212	338
Maryland	47,074	2,612	1,410	4,825	2,552
Massachusetts	57,415	3,831	206	5,973	676
Michigan	105,419	8,537	316	12,461	718
Minnesota	45,483	1,329	98	2,209	197
Mississippi	21,315	568	425	783	541
Missouri	75,876	2,938	1,163	4,314	2,045
Montana	8,706	405	204	713	477
Nebraska	18,785	351	506	668	727
Nevada	9,231	383	55	651	126
New Hampshire	9,838	331	239	552	958
New Jersey	51,992	2,479	489	4,693	1,190
New Mexico	15,953	1,094	343	1,715	625
New York	141,057	11,425	308	19,201	826
North Carolina	82,927	11,476	2,237	15,233	3,860
North Dakota	9,325	496	591	709	1,280
Ohio	91,789	5,696	196	10,408	336
Oklahoma	42,103	957	1,342	1,507	2,184
Oregon	32,440	2,137	15	3,685	89
Pennsylvania	90,896	5,430	142	9,827	219
Rhode Island	17,827	526	54	890	139
South Carolina	46,531	8,148	1,384	10,758	2,364
South Dakota	9,265	133	99	205	266
Tennessee	54,264	2,506	1,118	3,552	2,087
Texas	167,007	11,126	8,920	16,143	13,752
Utah	19,333	823	59	1,320	106
Vermont	3,488	179	22	362	25
Virginia	53,044	6,378	3,228	9,079	5,166
Washington	60,269	6,230	4,106	10,193	8,513
West Virginia	15,772	891	2	1,469	6
Wisconsin	43,666	2,245	12	3,933	16
Wyoming	3,868	221	17	374	172
Territories and Possessions - Total	21,681	3,140	1,610	4,991	3,370
Foreign - Total	38,696	330	32,981	1,392	81,747

Sept. 16, 1975

Table 2

INDIVIDUALS TRAINED UNDER CHAPTER 35 DURING FISCAL YEAR 1975
AND
NUMBER WHO EVER USED FREE ENTITLEMENT

	Spouses and Widows/Widowers Trained During Fiscal Year 1975	
	Total Trainees	Ever Used Free Entitlement
GRAND TOTAL	16,519	1,705
U.S. - State Total	15,625	1,652
Alabama	558	19
Alaska	14	2
Arizona	480	16
Arkansas	225	18
California	2,703	251
Colorado	338	62
Connecticut	73	6
Delaware	39	7
District of Columbia	126	21
Florida	1,417	205
Georgia	692	83
Hawaii	85	10
Idaho	50	11
Illinois	221	11
Indiana	143	9
Iowa	74	10
Kansas	133	3
Kentucky	160	7
Louisiana	304	28
Maine	88	22
Maryland	226	18
Massachusetts	208	8
Michigan	375	30
Minnesota	101	2
Mississippi	229	11
Missouri	223	7
Montana	48	1
Nebraska	64	5
Nevada	56	2
New Hampshire	45	1
New Jersey	217	12
New Mexico	167	8
New York	437	48
North Carolina	539	191
North Dakota	19	2
Ohio	285	25
Oklahoma	411	7
Oregon	177	11
Pennsylvania	242	11
Rhode Island	57	2
South Carolina	296	98
South Dakota	27	1
Tennessee	293	11
Texas	1,696	131
Utah	75	0
Vermont	14	5
Virginia	424	85
Washington	534	96
West Virginia	89	11
Wisconsin	112	8
Wyoming	16	3
Territories and Possessions - Total	561	53
Foreign - Total	333	0

Sept. 16, 1975

Table [illegible]

[illegible] DATE [illegible]

CHAPTER [illegible]

STATION NAME	INDIVIDUALS PAID This Qtr a/	INDIVIDUALS PAID To Date b/	PAYMENT MONTHS This Qtr	PAYMENT MONTHS To Date	DOLLARS PAID This Qtr	DOLLARS PAID To Date	[illegible] Cumulative to Date	CHAPTER [illegible] INDIVIDUALS PAID This Qtr a/	INDIVIDUALS PAID To Date c/	PAYMENT MONTHS This Qtr	PAYMENT MONTHS To Date	DOLLARS PAID This Qtr	DOLLARS PAID To Date	[illegible]
GRAND TOTAL	14,900	80,003	34,440	192,534	1,559,261	8,[illegible]	93,240	277	1,231	596	2,863	[illegible]	105,271	[illegible]
Area No. 1 - Total	3,256	16,120	9,894	42,750	438,264	1,[illegible]	23,864	33	105	82	263	2,995	11,836	[illegible]
CT Hartford	312	929	1,375	5,705	66,731	217,071	3,515		1		1		26	
DE Wilmington	86	153	190	853	7,817	36,540	154							
DC Washington	112	[illegible]	97	1,006	8,781	67,217	585	5	10	7	20	272	826	5
ME Togus	85	948	712	1,475	8,654	52,[illegible]	452	4	7	14	49	676	2,299	25
MD Baltimore	86	330	202	1,256	10,423	57,081	30							
MA Boston	283	1,211	771	3,144	37,158	176,[illegible]	1,566	1	11	5	21	470	1,091	17
NH Manchester	55	[illegible]	108	496	5,239	21,958	255		7		10		465	4
NJ Newark	158	1,019	466	3,942	21,901	332,406	1,985	4	10	1[illegible]	30	[illegible]	2,44[illegible]	15
NY Buffalo	41[illegible]	[illegible]	945	5,940	[illegible],363	25[illegible]	3,314	4	28	13	59	61[illegible]	2,515	[illegible]
New York	900	3,509	2,875	8,962	165,914	405,255	6,437	6	25	20	45	1,251	7,335	[illegible]
PA Pittsburgh	406	663	259	1,945	11,365	79,591	89[illegible]	4	5	3	10	130	363	4
Philadelphia	325	1,61[illegible]	1,156	4,803	14,975	217,971	2,666							
RI Providence	246	330	295	904	13,553	40,401	429							
VT White River	21	84	74	313	3,716	13,568	38							
WV Huntington	155	875	259	1,726	12,096	1[illegible]	811	 2	1 5	 2	9 5	 45	420 135	
Area No. 2 - Total	3,594	25,155	8,16[illegible]	55,407	375,401	2,061,[illegible]	25,876	116	520	290	1,101	11,760	17,181	304
AL Montgomery	232	1,866	179	4,326	[illegible],[illegible]88	172,157	1,757	17	55	57	120	1,749	3,272	27
AR Little Rock	172	2,212	286	3,006	12,283	147,13[illegible]	2,433	15	67	28	98	1,327	2,867	31
FL St. Petersburg	390	2,149	1,322	7,141	58,299	128,252	3,196	19	29	53	200	2,135	8,558	51
GA Atlanta	486	3,185	1,122	7,462	35,02[illegible]	186,96[illegible]	4,177	23	55	28	131	1,029	4,394	1[illegible]
KY Louisville	212	801	274	2,093	15,408	67,167	598	6	17	10	44	40[illegible]	1,709	13
LA New Orleans	166	2,695	430	4,505	25,35[illegible]	135,187	2,364	7	33	6	42	369	1,922	42
MS Jackson	132	317	373	1,729	16,152	41,6[illegible]	344	5	14	13	51	[illegible]	1,044	[illegible]
NC Winston-Salem	332	1,715	921	5,838	64,075	207,658	3,192	8	26	17	62	806	2,814	52
SC Columbia	269	1,503	753	3,462	35,174	153,[illegible]	2,041	7	17	11	41	58[illegible]	1,789	27
TN Nashville	260	2,874	623	5,021	28,629	205,1[illegible]	2,846	6	35	20	74	620	2,3[illegible]	21
TX Houston	275	1,343	751	3,070	88,190	116,186	3,023							
Waco	413	4,322	320	6,713	25,394	24[illegible],[illegible]	844	20	111	50	208	1,576	6,235	15
VA Roanoke	148	555	334	1,849	12,[illegible]92	48,6[illegible]	660	5	28	17	49	717	1,590	15
PR San Juan	16	105	48	342	1,801	7,12[illegible]	14		3		3		31	
Area No. 3 - Total	3,864	17,477	7,741	46,377	356,915	1,993,7[illegible]	22,150	27	143	55	461	2,[illegible]	17,041	105
IL Chicago	1,075	4,381	2,801	8,116	91,1[illegible]	587,1[illegible]	4,5[illegible]							
IN Indianapolis	230	855	429	2,068	17,203	4[illegible],[illegible]79	1,[illegible]68	2	5	3	17	264	538	4
IA Des Moines	72	515	178	1,480	4,959	53,488	497		1		14		373	3
KS Wichita	173	1,086	415	2,327	15,66[illegible]	84,144	730	3	17	4	28	113	536	[illegible]
MI Detroit	494	2,310	903	3,296	34,477	150,717	[illegible],184	2	15	2	38	5[illegible]	1,179	[illegible]
MN St. Paul	280	900	463	2,236	17,795	64,6[illegible]	77[illegible]		1		7		37	
MO St. Louis	515	1,631	1,129	6,412	52,007	276,543	3,8[illegible]	4	21	13	97	555	3,368	46
NE Lincoln	43	278	74	816	2,542	24,3[illegible]	77[illegible]							
ND Fargo	67	700	240	2,052	13,56[illegible]	92,548	1,548	2	6	4	14	1[illegible]	409	1
OH Cleveland	540	1,351	840	3,710	56,873	109,2[illegible]	2,263	4	12	8	45	405	1,991	22
OK Muskogee	734	2,018	715	6,991	15,065	88,5[illegible]	3,171	9	52	[illegible]	174	847	6,836	76
SD Sioux Falls	67	279	185	1,006	6,568	42,4[illegible]	475	4	8	2	28	3[illegible]	778	3
WI Milwaukee	249	1,226	271	1,65[illegible]	22,96[illegible]	152,653	1,575		1		6		302	2
Area No. 4 - Total	4,271	23,643	9,808	65,000	389,661	2,003,462	21,666	101	461	210	1,038	7,[illegible]	35,663	254
AK Juneau	[illegible]	21	9	66	435	2,6[illegible]	71							
AZ Phoenix	428	1,734	379	2,961	21,4[illegible]	120,927	1,481							
CA Los Angeles	873	5,275	2,236	11,027	104,021	521,5[illegible]	7,235	15	90	34	229	1,320	9,780	130
San Diego	213	806	476	1,732	19,297	65,1[illegible]	540	8	55	16	118	612	3,416	13
San Francisco	724	4,517	1,746	9,379	82,313	39[illegible],286	4,220	17	68	49	157	1,90[illegible]	5,737	16
CO Denver	344	1,436	676	4,549	30,056	1[illegible],58[illegible]	2,140	7	32	3	67	265	2,182	7
HI Honolulu	38	185	68	363	2,350	17,595	107	6	8	11	17	299	277	
ID Boise	162	1,405	213	1,730	8,280	35,[illegible]31	901	1	10	1	16	50	773	10
MT Ft. Harrison	44	311	196	964	7,134	87,[illegible]	214							
NV Reno	36	348	57	462	2,256	6[illegible],[illegible]00	172		4		4			
NM Albuquerque	232	1,024	567	1,465	25,144	95,591	811	3	21	17	53	351	1,777	6
OR Portland	407	1,249	552	3,545	26,224	13[illegible],[illegible]04	1,232	15	23	35	79	1,51[illegible]	2,357	27
UT Salt Lake City	161	927	286	2,157	11,613	40,502	425		9		15		432	
WA Seattle	554	4,57[illegible]	1,086	7,577	40,117	4[illegible]3,[illegible]35	1,476	27	141	43	263	1,126	2,7[illegible]	34
WY Cheyenne	32	2[illegible]	129	838	4,47[illegible]	[illegible]	[illegible]							

a/ Data are the number of individuals paid during quarter.
b/ Data are the unduplicated count of individuals since reporting began July 19[illegible].
c/ Data are the unduplicated count of individuals since reporting began [illegible] 19[illegible].

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CONTINUATION OF GI BILL TRAINING AFTER THE USE OF "FREE ENTITLEMENT"

(June 1966 through December 1975)

A STUDY

SUBMITTED BY THE

VETERANS' ADMINISTRATION

TO THE

COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE
VANCE HARTKE, *Chairman*

OCTOBER 22, 1976

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FOREWORD

This study was designed to answer the question "How many persons having taken free entitlement training continued in training under the GI bill?" The study population was divided into three prior education groups -- those who had not completed high school, those who had a high school education but no more, and those with some college. Those who first trained as veterans and those who first trained while on active duty in the Armed Forces were addressed separately. In addition to responding to the question of how many free entitlement users continued in training, the study looked into the type of training pursued. A great deal of interest has been expressed in this program. It is believed that the information developed by this study will provide answers to many of the questions raised.

The study was conducted by Michael L. Facine who was assisted by Elaine T. Bell, Carole J. Parker, Janet M. Somers and Victoria Stupak for clerical assistance and typing. E. Allen Peden assisted by offering suggestions as to the presentation of the findings. Several persons in the Department of Veterans Benefits of the Veterans Administration as well as persons from the Department of the Army and Department of the Air Force assisted Mr. Facine by providing considerable background information.

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INTRODUCTION

The current GI bill (Public Law 89-358) became effective June 1, 1966. It was enacted by the Congress to provide educational or vocational opportunities to veterans whose ambitions may have been impeded by service in the Armed Forces after January 31, 1955. Also, these opportunities were made available to service personnel on active duty who had completed 2 or more years of service (later reduced to 181 days). Persons who complete 18 or more months of active duty in the Armed Forces are eligible for up to 36 months of full-time schooling or on-job training. In addition, Public Law 93-508 provides for "an additional number of months, not exceeding nine, as may be utilized in pursuit of a program of education leading to a standard undergraduate college degree."

Under the current GI bill [1] provision is made for veterans and service personnel to receive full benefits while training for high school completion without depletion of their basic entitlement. Other veterans and service personnel who have completed high school but need refresher, remedial or deficiency courses which are required for entrance into their selected program of training, also may take the necessary courses on a "free entitlement" basis including such noncredit courses in an institution of higher learning. [2]

Table 1

USE OF FREE ENTITLEMENT
(Status at Last Training as of November 1975)

	Persons Ever Trained	Ever Used Free Entitlement	Percent of Ever Trained
TOTAL TRAINED	6,154,835	570,435	9.3%
Veterans	5,496,094	327,561	6.0
Service persons	658,741	242,874	36.9

---

[1] Title 38, U.S. Code, sections 1690 through 1696.

[2] The term used to designate training under these provisions of the law has evolved into "free entitlement" and we will continue the use of this generic name throughout the rest of this paper. For those persons on active duty the term used is PREP (Predischarge Educational Program) training. The term "free entitlement" includes PREP training.

NOTE: Some terms used in this study have specialized meanings. See the "Definitions" section on page 5.

Table 2

USE OF FREE ENTITLEMENT STATUS AT FIRST EPISODE OF TRAINING

(Estimated)

	Ever Trained End of Month		Used Free Entitlement December 1975	Percent of Ever Trained December 1975	Actual Sample Size
	November 1975	December 1975			
TOTAL TRAINED	6,154,835*	6,200,777*	579,000	9.3%	174,011
Veterans		5,301,846	282,700	5.3	84,966
Service personnel		898,931	296,300	33.0	89,045

* Actual. Although the detail in this table is available only for the month of December, the comparable actual total count for November is shown in order to provide a basis for comparison with the data in table 1.

As of November 1975, approximately 9.3 percent of all persons who had trained under the current GI bill had taken some training without any charge to their earned entitlement. In Table 1 numbers and percents of those persons who have trained using free entitlement are shown. These data are as of the end of November 1975, which is one month prior to the sample data used for this study. Data in table 1 represent the status (veteran or service person) as of the last time in training 3/ thereby producing an undercount of service persons trained. It can be demonstrated that approximately 25 percent of service persons trained as of November 1975 had continued or resumed training as a veteran, resulting in their being counted as veterans in table 1 and in other reports. As indicated in the definitions, unless otherwise stated (as in table 1), status refers to whether the person was a veteran or service person when he first trained using free entitlement. Table 2 is an estimate of the ever trained as of the end of November and December according to their status when first in training.

As may be seen in table 2, approximately the same number of persons used free entitlement first as a veteran as did those who began free entitlement while on active duty. However, the proportion that these numbers make up of the totals who have trained are considerably different. About one-third of all active duty trainees trained without charge to GI bill entitlement while only one in twenty veterans received some training without a charge against their entitlement.

The higher rate of free entitlement usage by service personnel is largely due to the emphasis the Armed Forces place on the PREP program. By directive of the Department of Defense, the PREP program became the prime means of educational support for service personnel. The Armed Forces make special arrangements for instruction which are designed so that the trainee can earn credit toward a high school diploma or in the case of high school graduates, receive remedial training. While the Armed Forces actively encourage participation, added incentive is provided by the fact that the trainees are released during duty hours for at least half of the training time. In fact much of the training is completely done during duty hours. Another incentive is the increased potential for advancement that comes with added education. Not only is increased educational attainment an aid to advancement, the lack of a high school education can be a bar to advancement, as in the case of the Army, beyond the rank of E5.

3/ Note that this is an exception to the standard usage defined under the definitions section.

Table 3

CONTINUATION OF TRAINING

PERCENT OF THOSE WHO HAVING USED "FREE ENTITLEMENT" HAVE GONE ON TO OTHER TRAINING *

(Cumulative through December 1975)

First Used Free Entitlement As:	Prior Educational Attainment			
	All Levels	Less Than 12 Years	12 Years	More Than 12 Years
COMBINED TOTAL	36.3%	26.3%	50.0%	66.0%
Veterans	58.5	43.0	73.1	78.9
Service personnel	19.4	16.9	23.8	41.3

* This refers to the number of years of formal education the trainee had at the time he (she) first applied for benefits under the GI bill. High school diploma or equivalent = 12 years.

DEFINITIONS

The following terms are used throughout this paper and require explanation:

Service Personnel [Person(s)] and Veterans: Unless otherwise noted, these terms when used in relationship to free entitlement refer to the status of the trainee at the time he first used free entitlement. It is necessary to remember this since by a reference to continuation in training by service personnel, we include training taken as a veteran. The converse, though the likelihood of such an event is small, is also true for veterans.

High School Level Free Entitlement: This refers to those courses taken without charge to entitlement which are high school or elementary courses taken for the purpose of achieving a high school diploma (or equivalency certificate in the case of a discharged veteran).

College Preparatory: This is course work taken in college level institutions which is in the form of prerequisite education for a chosen curriculum.

Vocational Preparatory: This is remedial or prerequisite course work, taken at vocational schools.

Educationally Disadvantaged: For the purposes of this paper this refers to persons who have not received a high school diploma or an equivalency certificate.

Type of Training: This refers to the last training taken after having used free entitlement benefits. Since it refers to the last training, it excludes interim training; therefore, it is possible that a person may have used free entitlement, continued in training in college and then reentered into training in a non-college degree course. In this instance he would be counted in the non-college category and lost to the college count.

CONTINUATION IN TRAINING

The principal purpose of this study was to determine what percent of those persons (ever trained under the GI bill) who used free entitlement went on to additional training. To do this a sample was taken (approximately 30 percent of the records) from the December 1975 extract of the education master record file of all persons ever trained under the GI bill.

It was reasoned that the counts of those persons who were in training in free entitlement as of the time of the sample should not be included in the base data. Therefore, only the counts (from the sample) of those who had at some time used free entitlement but were not in training using free entitlement as of the time of the sample. The data in table 3 were derived using the following formula:

$$G = \frac{F}{E + F} \times 100 \quad \text{where}$$

G = percent of those who have gone on to more training

F = the count of those who have gone on to more training

E = the count of those who have not gone on to more training

E, F, and G are exclusive of those currently using free entitlement

The basic shortcoming in this formula is not in the formula itself, rather at the point in time the sample was chosen. This file sample was taken as of December 31, 1975 a time when many persons are in an interrupted status. Since these interrupted free entitlement cases are carried as terminated they appear as part of the denominator (in Variable E) in the above equation. This causes the percentage of continuation to be somewhat understated.

It can be observed from table 3 that persons whose prior education was one or more years of college were the most likely to continue on after using free entitlement. However, it should be kept in mind that this group represents only 1.8 percent of all who have ever used free entitlement (see table 4.)

Table 4

PRIOR EDUCATIONAL LEVEL - PERCENTAGE OF TOTAL PERSONS EVER TRAINED IN FREE ENTITLEMENT

First Used Free Entitlement as:	All Levels	Less than 12 Years	12 Years	More Than 12 Years
All trainees	100.0%	58.7%	39.5%	1.8%
Veterans	100.0	50.3	47.1	2.6
Service personnel	100.0	66.8	32.2	1.0

One of the conclusions that may be made from these two tables is that the program is serving the population for whom it is intended. An a priori success measure was formulated for veterans which stated that at least 30 percent of veterans taking training without charge to entitlement should go on to further training within 6 months of completing free entitlement training. Table 3, which reports that 36.3 percent of all users of free entitlement went on to other training, reports data on a cumulative basis without the criteria of having entered further training within 6 months. However, for persons who first used their free entitlement as veterans the rate is 58.5 percent having gone on to further training -- almost double the a priori standard. In particular, the continuation rate of 43.0 percent veterans who had less than a high school education is quite satisfactory, even though less than the overall rate.

EDUCATIONALLY DISADVANTAGED TRAINEES

Veterans and service personnel who have neither completed 4 years of high school nor received credit for high school completion on the basis of a General Educational Development equivalency certificate, are considered to be educationally disadvantaged. Almost 83 percent of the educationally disadvantaged service personnel and 88 percent of the educationally disadvantaged veterans who used free entitlement used it toward the attainment of a high school education (see table 5).

Table 5

PERCENTAGE DISTRIBUTION OF TYPE OF FREE ENTITLEMENT TRAINING USED BY EDUCATIONALLY DISADVANTAGED VETERANS AND SERVICE PERSONNEL

Type of Free Entitlement Training Used	By All Trainees	By Veterans	By Service Personnel
College preparatory	14.2%	10.9%	16.5%
High school	84.8	87.7	82.7
Vocational preparatory	1.0	1.4	0.8

Educationally disadvantaged persons who first use free entitlement as veterans are more likely than service personnel to continue in training by a 2.5 to 1 ratio (as shown in the "all" row of table 6). This is particularly true among those who took the college preparatory or high school type of free entitlement training. Of those who used free entitlement to train in high school, about 17 percent of service personnel sometime later (perhaps even after separation from the Armed Services) resumed training. Similarly, about 40 percent of the educationally disadvantaged veterans who trained toward completing high school continued training.

For those who took vocational preparatory training, service personnel were most likely to go on; however, this category is only one percent of all trainees who use free entitlement and is generally a catch all for those who do not fall into the high school/elementary or college preparatory categories (see definitions).

Table 6 shows the percentage who have gone on to additional training by the type of free entitlement.

Table 6

PERCENTAGE OF EDUCATIONALLY DISADVANTAGED PERSONS
WHO WENT ON TO ADDITIONAL TRAINING
AFTER USING FREE ENTITLEMENT

	All Trainees	Veterans	Service Personnel
TOTAL	26.3%	43.0%	16.9%
College preparatory	35.4	60.8	12.8
High school	25.8	40.5	17.1
Vocational preparatory	73.6	51.4	79.3

The data in this table indicate a large difference in the percentages who continue in training between those who begin free entitlement as service personnel and those who begin as veterans. The data were not designed to evaluate the reasons for these differences, only to show that they exist.

Having discussed the percentages of the educationally disadvantaged who used free entitlement and went on to further training, it is interesting to look at the type of training they went into. The data in table 7 indicate that more than half - almost two-thirds - of all these veterans went on to college level training. For educationally disadvantaged service personnel the largest category of training for those who used free entitlement was also college but at a somewhat lower percentage (50 percent). More than half of the educationally disadvantaged who started out to complete high school and then continued training were last in college level training (51 percent service personnel and 59 percent veterans). Table 7 shows the type of training educationally disadvantaged veterans and service personnel went on to by the type of free entitlement taken.

Table 7

CONTINUATION OF TRAINING BY EDUCATIONALLY
DISADVANTAGED VETERANS AND SERVICE PERSONNEL

Type of Training Taken After Completing Free Entitlement

Type of Free Entitlement Training Used:	Percent Who Have Gone On To			
	College	Other Schools	On-Job Training	Correspondence *
ALL TRAINEES - Total	57.7%	36.9%	5.4%	12.4%
VETERANS - Total	63.1	31.8	5.1	8.0
College preparatory	90.0	8.1	2.0	1.0
High school	58.5	35.7	5.8	9.4
Vocational preparatory	28.2	66.7	5.1	2.6
SERVICE PERSONNEL - Total	50.0	44.2	5.7	18.7
College preparatory	54.1	41.0	4.9	22.0
Elementary/high school	51.2	42.7	6.1	18.7
Vocational preparatory	12.8	86.4	0.8	8.4

*Overcount - included in "College" and "Other Schools".

REMEDIAL AND PREREQUISITE TRAINING

It may be assumed that those who had a high school diploma or equivalent at the time they first applied for GI bill training and who used free entitlement, used this entitlement primarily for remedial training or to acquire prerequisite skills in order to enter into some desired type of training.

High school graduates (with no college) made up 47.1 percent of all the veterans who used free entitlement compared with the 50.3 percent for those who had not completed high school, i.e., the educationally disadvantaged (see table 4).

Table 8

PERCENTAGE OF HIGH SCHOOL GRADUATES* WHO WENT ON TO ADDITIONAL TRAINING AFTER USING FREE ENTITLEMENT

Type of Free Entitlement Training Used:	All Trainees	Veterans	Service Personnel
TOTAL	50.0%	73.1%	23.8%
College preparatory	64.2	78.6	22.6
High school	31.9	57.7	21.6
Vocational preparatory	75.0	67.1	87.6

* In this table high school graduates also includes persons with equivalency certificates and excludes high school graduates with one or more years of college credits which is a separate category.

As with the educationally disadvantaged, a veteran with a high school diploma is more likely to continue his education after using free entitlement than is his service person 4/ counterpart (see table 8). What is particularly notable is that the likelihood ratio is greater. When, for the educationally disadvantaged a veteran would be more likely to continue training than a service person by a 2.5 to one ratio, the high school graduate veteran is more likely to train by a three to one ratio than the service person counterpart.

Overall, of those veterans and service persons who continue in training almost 83 percent go on to college training (see table 10). Of all veterans who used free entitlement, 63 percent went on to college as contrasted with 17 percent of service persons who used free entitlement. Since, by our definition, college preparatory work is done in college level institutions, it is not surprising that of veterans who were high school graduates in college preparatory free entitlement almost 93 percent continued their training in college.

4/ To reinforce what was previously stated, status as a veteran or service person refers to their status at the time they first used free entitlement. A person who trains in free entitlement as a service person and then continues training as a veteran is considered a service person who continued.

A striking difference between the educationally disadvantaged and the high school graduates (or equivalent) who use free entitlement may be seen by comparing table 5 with table 9. It is notable that for the educationally disadvantaged the percentage distribution by type of free entitlement for veterans and service persons is fairly closely matched while for high school graduates the percentage distributions are considerably different. Among the high school graduates service persons primarily use free entitlement for high school level training 5/ while 77 percent of persons who use free entitlement first as a veteran use this training for college preparatory course work.

Table 9

PERCENTAGE DISTRIBUTION OF TYPE OF FREE ENTITLEMENT TRAINING
USED BY PERSONS WHO WERE HIGH SCHOOL GRADUATES
AT THE TIME OF FIRST APPLICATION*

Type of Free Entitlement Training Used	All Trainees	Veterans	Service Personnel
College preparatory	66.1%	77.3%	26.9%
High school	28.7	19.0	62.5
Vocational preparatory	5.2	3.7	10.6

* Excludes those with one or more years of college training.

Table 10

CONTINUATION OF TRAINING AFTER USING FREE ENTITLEMENT
BY TRAINEES WHO WERE HIGH SCHOOL GRADUATES (BUT NO COLLEGE)

Type of Training Taken After Completing Free Entitlement

Type of Free Entitlement Training Used	Percentage Who Have Gone On To			
	College	Other Schools	On-Job Training	Correspondence*
ALL TRAINEES - Total	82.7%	14.4%	3.0%	3.4%
VETERANS - Total	86.4	10.7	2.8	1.6
College preparatory	92.8	5.0	2.2	0.7
High school	70.4	24.5	5.1	5.1
Vocational preparatory	36.5	58.9	4.6	1.4
SERVICE PERSONNEL - Total	69.6	27.0	3.4	9.6
College preparatory	77.5	19.3	3.2	9.0
High school	74.0	22.3	3.7	10.8
Vocational preparatory	23.1	74.8	2.1	4.6

*Overcount - included in "College" and "Other Schools".

Note - percentages may not add to 100.0% due to rounding.

5/ This may be related to the limits of types of training generally available on or near military institutions.

REMEDIAL TRAINING FOR TRAINEES WITH SOME PRIOR COLLEGE LEVEL TRAINING

Only 1.8 percent of free entitlement trainees had had one or more years of college (see table 4). Sixty-six percent of all persons with this level of prior education who have used free entitlement have continued in training beyond this. This is the result of 79 percent veterans and 41 percent service personnel who have gone on beyond free entitlement training. Eighty-four percent of service personnel and 92 percent veterans who continued training continued at the college level.

CONCLUSIONS

It is quite evident that the person who commences free entitlement training as a veteran is more likely to continue in training after completion of the free entitlement training than is the person who begins as a service person. Furthermore, the veteran is more likely to go on to a higher level of training. Free entitlement trainees with high school diplomas or equivalent are more likely to continue training than are those who had not achieved high school graduation. **Finally, we can say that we have attained the *a priori* success criteria of at least 30 percent of veterans who use free entitlement continuing** in training.

TECHNICAL NOTES

A. Sample

The total number of records sampled in this study was 1,877,476 exclusive of records with invalid data in the fields applicable to this study. The total population being sampled was 6,200,777 as of the end of December 1975 for a population percentage of (π_H =) 30.2781 percent. In the subsample on which this particular study is based, there were 174,011 records which indicated a usage of "free entitlement" (i.e., n = 174,011). Since we did not have an end of December population upon which to determine our subsample percentage we added the total original entries to free entitlement to the ever trained using the free entitlement count as of the end of November 1975. This gave us a subsample population percentage of 30.0537 percent. Using the formula:

$$0_p = \sqrt{\frac{\pi_H\ (100 - \pi_H)}{n}}$$

we determine the standard error of the sample percentage (0_p) to be 0.110145 and the standard normal deviate (Z)

$$Z = \frac{p - \pi_H}{0_p} = -2.04$$

to be -2.04. We reject the differences being entirely explained by randomness. We know that the subsample population-at-risk is almost certainly too high due to the method of adding original entries to the previous month; however, we have used this method in that it produces a maximum population. The obvious minimum is to use the November count. The third alternative to determine a subsample population would be to ascribe the same growth to the ever used free entitlement as the total population of persons trained. Thus the value of Z would be:

$$Z = 0.0045$$

which is obviously acceptable. On the basis of this argument we have proceeded in the assumption that we have a valid and acceptable sample.

B. The 95 percent confidence limits for table 3 are:

± 0.5%	± 0.8%	± 0.6%	± 2.2%
± 0.6	± 0.7	± 1.0	± 5.0
± 0.4	± 0.6	± 0.6	± 2.2

C. The 95 percent confidence limits for table 6 are:

± 0.7%	± 0.8%	± 0.6%
± 0.8	± 0.9	*
± 4.1	± 6.4	*
± 1.9	± 2.0	*

D. The 95 percent confidence limits for table 8 are:

± 1.0%	± 0.6%	± 0.6%
± 1.2	± 1.5	*
± 2.4	± 3.1	*
± 1.9	± 0.6	*

* Not calculated.

94th Congress } SENATE COMMITTEE PRINT NO. 14
1st Session }

REPORT ON VETERANS' ADMINISTRATION'S ON-JOB TRAINING PROGRAM (B-178741)

A REPORT
OF THE
GENERAL ACCOUNTING OFFICE
SUBMITTED TO THE
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE
VANCE HARTKE, *Chairman*

JULY 9, 1975

Printed for the use of the Committee on Veterans' Affairs

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WASHINGTON : 1975

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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-178741

July 9, 1975

The Honorable Vance Hartke
Chairman, Committee on Veterans'
  Affairs
United States Senate

Dear Mr. Chairman:

Your May 15, 1975, letter requested this report on our survey of the Veterans Administration's (VA's) on-job training program under the current GI Bill. Our survey, which was completed in October 1974, covered eight selected VA regional office areas and was directed toward determining whether, during a continuing period of rising veteran unemployment, full use was being made of VA's on-job program as a source of employment and job training for veterans.

STATUS OF PROGRAM

Our survey showed that, due mainly to the VA efforts, a large number of on-job training opportunities have been developed for veterans. While available VA records do not identify the total number of employers with approved programs, available information shows that since the program began in 1967, through June 1974, about 207,000 veterans participated in the program and that as of November 30, 1974, about 26,500 approved employers were providing on-job training to about 58,200 veterans.

However, because of indications that many employers with approved on-job training programs did not have any veterans in training, during July through December 1973 we examined the records and files at the VA regional offices and/or State approving agencies in each of the eight areas. We identified (1) employers with approved programs, (2) approved employers with veterans in training at the time of our visit (active employers), and (3) approved employers without veterans in training at the time of our visit (inactive employers). Our analysis showed that in each area a significant percentage of approved employers were inactive. Overall, about 58 percent of the approved employers did not have any veterans in training.

At our request, the VA regional offices and/or State approving agencies later gave us similar but updated statistics, which showed that as of September 1974, 65 percent of approved employers within the eight areas were inactive. These updated statistics and the statistics developed during our field visits, are presented in tables 1 and 2 below.

Table 1

Statistics Developed During Our Field Visits
July-December 1973

VA area	Total number of approved employers	Number and (percent) active	Number and (percent) inactive
District of Columbia	83	29 (35)	54 (65)
Illinois	1,238	408 (33)	830 (67)
Iowa	1,691	566 (34)	1,125 (66)
Kansas	976	392 (40)	584 (60)
Minnesota	2,828	1,012 (36)	1,816 (64)
Oklahoma	1,111	735 (66)	376 (34)
Virginia	798	306 (38)	492 (62)
Wisconsin	1,473	812 (55)	661 (45)
Total	10,198	4,260 (42)	5,938 (58)

Table 2

Updated Statistics Provided by VA Regional Offices
and/or State Approving Agencies
August-October 1974

VA area	Total number of approved employers	Number and (percent) active	Number and (percent) inactive
District of Columbia	105	20 (19)	85 (81)
Illinois	1,680	403 (24)	1,277 (76)
Iowa	2,142	617 (29)	1,525 (71)
Kansas	1,108	405 (37)	703 (63)
Minnesota	3,266	1,129 (35)	2,137 (65)
Oklahoma	1,019	618 (61)	401 (39)
Virginia	963	296 (31)	667 (69)
Wisconsin	1,735	753 (43)	982 (57)
Total	12,018	4,241 (35)	7,777 (65)

Many approved employers needed trainees

From the lists of approved employers we selected a small sample, contacted them by telephone, and attempted to determine their willingness to hire veteran on-job trainees. Most employers contacted were located in the metropolitan areas within their respective VA regions.

In total, 271 employers were interviewed, 193 during September 1973-April 1974 and 78 more during September-October 1974--19 in Kansas; 28 in the District of Columbia; 29 in Oklahoma; 35 each in Illinois; Iowa, Minnesota, and Wisconsin; and 55 in Virginia.

Of the 271 employers, 38 said they had a veteran in the VA on-job training program. The remaining 233 said their program was inactive. While the duration of vacancies was not determinable from available records, some employers--74 of 271, or about 27 percent--said they never had a veteran participate in their program.

Of the 38 employers who had a veteran in training, 11 (29 percent) said they had an immediate need for an additional trainee and would have accepted one or more qualified veterans if referred. Twenty-two employers (58 percent) said they did not need any more trainees at that time but were still interested in VA's program and would hire a qualified veteran if a vacancy developed. The remaining five employers (13 percent) said that, after their current veteran had finished training, all skilled positions would be filled and that they would no longer want to participate in VA's program.

Of the 233 inactive employers interviewed, 54 (23 percent) said they did have an immediate need for trainees and would have accepted one or more qualified veterans if referred to them; 129 (55 percent) said they were not hiring at that time but were still interested in VA's program and would accept a veteran trainee if a vacancy developed. The remaining 50 employers (22 percent) said all skilled positions had been filled; and, therefore, they would no longer want to participate in VA's program.

In summary, we contacted 271 employers who had approved on-job training programs for veterans. Sixty-five, or almost one out of every four employers contacted, told us they had a need for on-job trainees and would have accepted one or more qualified veterans if one had been referred.

LIMITED FOLLOWUP

VA provides veterans with employment information assistance for a number of programs, including on-job training, primarily through its 72 veterans assistance centers. These centers are generally located in a VA regional office or benefit office. The degree of job assistance varies from center to center; some have listings of job openings while others refer veterans to the nearest State employment service office.

The Department of Labor's Veterans Employment Service, working in cooperation with State employment service agencies, is responsible for (1) supervising the registration of eligible veterans in local employment offices and counseling and placing eligible veterans, (2) job development and job advancement activities for veterans, (3) obtaining current information on job availability in public and private sectors, (4) promoting the hiring of veterans, and (5) maintaining contact with employers and veterans organizations to advise employers of veteran availability and to advise veterans of job opportunities.

While both VA and the Veterans Employment Service provide veterans with employment information and assistance, neither agency has established procedures to systematically recontact previously approved on-job employers to identify available training positions.

VA central office officials stated that while some followup was being done by VA, VA did not have the authority or the manpower to establish any systematic followup program.

Officials of the Veterans Employment Service told us that, while there have been no special efforts in the past to followup on VA approved on-job employers, if VA furnished them a listing of all such employers, the Veterans Employment Service through the local veterans employment representative would contact these employers and would take appropriate action to see that qualified veterans are referred to any openings identified.

CONCLUSION

A large number of employers have expressed their interest in providing employment assistance for veterans by establishing on-job training programs; and many veterans have been placed in these programs. However, it appears that many more qualified veterans could have been placed in approved programs.

We believe that during this continuing period of rising unemployment every effort must be made to insure that all available and qualified veterans are placed in training or employment by those concerned with veterans assistance. The on-job training program appears to continue to have the potential for such placement. To obtain maximum benefit from the program, all employers with an approved on-job program should periodically be contacted to insure their continued commitment to the program and to determine their present or future needs for on-job trainees.

Neither the VA or the Department of Labor presently have a program to conduct such followup activities.

RECOMMENDATIONS TO THE ADMINISTRATOR OF VETERANS AFFAIRS AND TO THE SECRETARY OF LABOR

We recommend that the Administrator of Veterans Affairs require that each VA regional office periodically notify the appropriate Veterans Employment Service representative of all employers in the area who currently have approved on-job training programs for veterans. This notification should include the type of program approved and, if possible, the status of each program--active or inactive.

We recommend that the Secretary of Labor require the Veterans Employment Service to contact and periodically recontact approved employers to determine their need for on-job trainees and that all possible efforts be made to place veterans in these programs.

- - - - -

As you requested, we did not obtain formal agency comments on this report. However, we have discussed the results of our survey with the Deputy Chief Benefits Director and other appropriate officials in VA's Department of Veterans Benefits and with officials of the Department of Labor's Veterans Employment Service. Their comments have been considered in the preparation of this report.

As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement, on actions taken on our recommendations, to the Senate and House Committees on Government Operations not later than 60 days after the date of the report and to the Senate and House Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report. We will be in touch with your office in the near future to make arrangements for the Department of Labor, the Veterans Administration, and the four Committees to receive copies of this report.

Sincerely yours,

Elmer B. Staats

Comptroller General
of the United States

78-202 O - 77 - 15 pt. 1

Date: JUN 21 1976

In Reply Refer to: 27

VETERANS ADMINISTRATION
DEPARTMENT OF VETERANS BENEFITS
WASHINGTON, D.C. 20420

Mr. Guy H. McMichael III
General Counsel
Committee on Veterans' Affairs
United States Senate
Washington, D. C. 20510

Dear Mr. McMichael:

As a by-product of our meeting of May 4 and the several discussions we have held since that meeting, you expressed interest in obtaining additional elements of information apropos to the Veterans Administration's efforts in the conduct of OJT Outreach, a multi-agency mission which we share with both the Department of Labor and the National Alliance of Businessmen.

Enclosed herewith is a narrative summary of data garnered from our field stations in response to your inquiry. Also, we are enclosing copies of station submissions to our initial request for OJT information, per your request at the May 4 meeting.

Sincerely yours,

James J. Cox

JAMES J. COX
Director
Veterans Assistance Service

Enclosures

OJT OUTREACH EFFORTS

Since the publication of DVB Circular 27-75-6 (dated 9/4/75), VA field personnel (in liaison with their DoL and NAB counterparts) have been engaged in efforts to contact employers who either are approved for OJT training programs or have indicated interest in obtaining approval for new OJT training endeavors.

In line with this mission, the VA updates and disseminates (every four months) a computer-generated listing of all employers approved for OJT training programs. This listing serves as the principal resource for OJT outreach efforts by VA, NAB and DoL field personnel. There has been some criticism of the listing by DoL because of its bulk and its lack of data with respect to types of training slots available. With a view toward making this listing more practical, we have initiated requests to have our station Directors contact their respective SAA's in order to encourage the withdrawal of approval for those programs which have been inactive for two years or which have indicated that they are not interested in furnishing training to veterans and other eligible persons. Concurrent with these actions, we are also requesting that the special run of RCS 212-3 be restricted to active facilities only, effective with the printing of the special run for November 1976.

In the interim, we have endeavored to give special consideration to the adoption of innovative local strategies when such steps are warranted. For instance, our Pittsburgh Regional Office has been requested (by local DoL and NAB outlets) to provide a comprehensive listing of all OJT/Apprenticeship training programs (by job title) offered within their jurisdiction. In researching this request, we found that the Data Processing Center in Philadelphia was neither able to handle this type of special project nor could it maintain such a project on a regular basis. With a view toward providing this listing to DoL and NAB (as well as utilizing such a listing for our own compliance initiatives) we have permitted Pittsburgh RO to commercially contract for key-punching and maintenance of some 15,000 of especially-coded computer cards for purposes of quarterly update and current listing reruns.

As of the end of May, some 24,056 employers listed on the RCS 212-3 had been contacted by the VA. Of the 57 VA field activities surveyed, some 22% had completed all contacts of employers on the RCS 212-3 listing. There are 68,066 listed employers who remain to be contacted. We expect that our field stations will be able to complete the remainder of these contacts by the end of December 1976. To date, a total of 8,004 (GOE) and 4,981 (non-GOE) man-hours have been expended in the accomplishment of this mission. We estimate that some 14,265 (GOE) and 14,167 (non-GOE) man-hours will be used in completing this phase of the project. Given these considerations, we feel that the VA is providing the degree of supportive assistance to DoL which is necessary for the successful accomplishment of their primary responsibility for OJT follow-up activities.

There are several aspects of our "tripartite" working agreement which will be more finely honed as program efforts continue. For instance, we are advised by our stations that OJT follow-up, in terms of recontacting employers with existing OJT programs, depends entirely upon working relationships established at the local/regional level. It is evident that VA, DoL and SAA are all performing varying aspects of this function in our various jurisdictional sectors across the country. We are directing our efforts toward the development of a common program protocol which can be universally applied, excepting those instances wherein a degree of flexibility must be maintained to allow for variables such as staffing differential among agencies. We are secure in the knowledge that the follow-up mission to encourage new veteran hires in existing programs is being performed by at least one of the agencies in every political subdivision. This is not to say that we cannot improve upon the current situation.

In the course of our survey, we determined that the national average for SAA approval of new OJT programs is slightly in excess of five weeks. This fact, when coupled with the variance in agency responsibility from sector to sector, could serve as a potential cause for concern, in terms of the lack of uniformity of OJT follow-up procedures as they specifically relate to new programs awaiting SAA approval. However, we feel certain that with the renewal of SAA outreach endeavors in the coming program year and with the concurrent redefinition of VA policy to require that additional controls be maintained by our stations until such time as SAA approval is given, such problem areas can be isolated and ameliorated on an individual basis.

The VA has inaugurated a series of bi-weekly meetings with the Director, Veterans Employment Service, to discuss these and other problem areas germane to the effective implementation and achievement of OJT outreach efforts. We are confident that many of the ambiguities which currently beset the conduct of this program can be reconstituted into a more effective operational policy by simply keeping the channels of communication open and readily accessible to all of the involved parties.

In summary, we might foresee a point in the very near future when OJT/Apprenticeship programs may start to re-expand as the economy continues to improve. A great deal of comment from our stations evinces a general reticence among employers with regard to the addition of more OJT training slots to existing programs or the establishment of new training programs proper. This is best illustrated by the fact that some 15,535 employers either have gone out of business or are no longer approved for OJT training programs or have shown disinterest toward participation in such programs. For the same period, only 1,577 new employers and programs have been added to the RCS 212-3 listing. There can be no question as to the economic instability reflected over the past two years being contributory to the reluctance evidenced by employers.

DVB IB 20-76-5

Veterans Benefits under Current Educational Programs

INFORMATION BULLETIN

APRIL 1976

DEPARTMENT OF VETERANS BENEFITS
VETERANS ADMINISTRATION
WASHINGTON, D.C. 20420

FOREWORD

The Information Bulletin is published three times during the fiscal year - as of November, April and June. Its purpose is to inform the administrative staff of the Veterans Administration, Congress and other interested persons about the education programs administered by the Department of Veterans Benefits of the Veterans Administration. The months of November and April were chosen as reporting months because they are traditionally the months of peak fall and spring enrollment under the GI bill. The June bulletin reports on training taken during the fiscal year.

This bulletin was prepared by the staff of the Reports and Statistics Service, Office of the Controller.

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I. INTRODUCTION

A. Scope of Information: This bulletin presents statistical data on veterans, service personnel, dependents of disabled veterans and survivors of deceased veterans who are receiving educational assistance benefits from the Veterans Administration. It emphasizes data for those who were in training in April 1976 - the peak enrollment during the spring semester of the 10th year under the current GI bill.

B. Program Groups: "GI bill" is a term used to identify a series of legislative enactments which have provided readjustment benefits -- particularly educational benefits -- for veterans of World War II, veterans of the Korean conflict and for veterans and service personnel eligible under chapter 34, title 38, of the U.S. Code. Educational benefits available under the current GI bill are briefly described in appendix A, along with descriptions of vocational rehabilitation benefits under chapter 31 and the dependents educational assistance program under chapter 35.

C. Trainees Under Three Programs: There were 1,852,676 persons in training at the end of April 1976. This included 1,768,180 (95.4 percent of the total) in training under the GI bill (ch. 34); 66,662 (3.6 percent of the total) in training under the dependents educational assistance program (ch. 35); and 17,834 (1.0 percent of the total) service-disabled veterans in training under the vocational rehabilitation program (ch. 31). (See table 1 for details and table 2 for some related data.)

D. Source and Reliability of Data: Unless otherwise noted, chapters 34 and 35 training data presented in this publication are based on the tabulation of 100 percent of the records in the education master record file, as of the last processing cycle in April 1976. Chapter 31 data are based on the tabulation of 100 percent of the Vocational Rehabilitation and Education (VR&E) master record file as of April 1976.

II. PROGRAM DEFINITIONS: Terms used in this bulletin to identify groups of beneficiaries are defined as follows:

A. Post-Korean Conflict: Refers to veterans who served only after January 31, 1955, including those who served during the Vietnam era.

B. Peacetime Post-Korean Conflict: Refers to those veterans who served after January 31, 1955, but not after August 4, 1964.

C. Vietnam Era: Refers to veterans and service personnel who served on or after August 5, 1964. While the Vietnam era was ended by Presidential Proclamation as of May 7, 1975, the proclamation does not affect the entitlement to chapter 34 benefits for those in service on May 7, 1975, or for those who enter active service subsequent to that date. Similarly, the proclamation in no way affects chapter 31 or chapter 35 entitlement.

D. Post-Vietnam Era: Refers to veterans and service personnel whose only service on active duty occurred after May 7, 1975.

E. Eligible Children: Refers to the sons and daughters of veterans who died of service-connected causes or whose service-connected disability is rated permanent and total, or sons and daughters of service personnel who are prisoners of war or missing in action for more than 90 days.

F. Eligible Spouses: Refers to the widows(ers) and spouses of veterans who died of service-connected conditions or whose service-connected disability is rated permanent and total, and the spouses of service personnel who are prisoners of war or missing in action for more than 90 days.

ALL PROGRAMS
Persons In Training

Table 1

Program and Type of Training	April 1976 [1]	April 1975	April 1974	Percentage Change 1976/75	Percentage Change 1975/74
TOTAL - All trainees	1,852,676	1,871,028	1,606,733	- 1.0%	16.4%
VOCATIONAL REHABILITATION (Ch. 31)	17,834	16,222	17,419	9.9	- 6.9
Total					
College	13,590	12,290	13,119	10.6	- 6.3
Other schools	2,957	3,041	3,213	- 2.8	- 5.4
On-job training	556	751	961	- 26.0	- 21.9
Institutional on-farm	105	140	126	- 25.0	11.1
EDUCATIONAL ASSISTANCE (Ch. 34) [2]					
Grand Total	1,768,180	1,792,187	1,536,724	- 1.3	16.6
College	1,278,638	1,195,512	935,178	7.0	27.8
Other residence schools [3]	150,859	156,957	125,907	- 3.9	24.7
On-job training	75,792	114,942	128,796	- 34.1	- 10.8
Cooperative farm	22,223	19,320	15,329	15.0	26.0
Flight	21,600	24,904	24,685	- 13.3	0.9
Correspondence	219,068	280,552	306,829	- 21.9	- 8.6
Vietnam Era Veterans	1,352,121	1,373,784	1,160,285	- 1.5	18.4
College	1,015,264	958,715	757,439	5.9	26.5
Other residence schools [3]	119,612	123,414	97,930	- 3.1	26.0
On-job training	70,222	105,999	118,262	- 33.8	- 10.4
Cooperative farm	14,443	12,222	8,648	18.2	41.3
Flight	10,637	11,750	11,188	- 9.5	5.0
Correspondence	121,943	161,484	166,818	- 24.5	- 3.2
Peacetime Post-Korean Veterans	336,735	324,595	288,108	3.7	12.7
College	243,625	215,569	160,885	13.0	34.0
Other residence schools [3]	28,663	29,900	24,164	- 4.1	23.7
On-job training	5,570	8,943	10,534	- 37.7	- 15.1
Cooperative farm	7,780	7,098	6,681	9.6	6.2
Flight	8,168	9,913	10,338	- 17.6	- 4.1
Correspondence	42,929	53,172	75,506	- 19.3	- 29.6
Service Personnel	79,324	94,208	88,331	- 15.8	6.7
College	19,749	21,428	16,854	- 7.8	27.1
Other residence schools [3]	2,584	3,643	3,813	- 29.1	- 4.5
Flight	2,795	3,241	3,159	- 13.8	2.6
Correspondence	54,196	65,896	64,505	- 17.8	2.2
EDUCATIONAL ASSISTANCE (Ch. 35)					
Grand Total	66,662	62,619	52,590	6.5	19.1
College	60,689	56,626	47,745	7.2	18.6
Other schools	5,723	5,659	4,585	1.1	23.4
On-job training	214	306	226	- 30.1	35.4
Special restorative training	36	28	34	28.6	- 17.6
Spouses and Widows(ers)	12,049	11,260	8,419	7.0	33.7
College	9,688	8,685	6,437	11.5	34.9
Other schools	2,334	2,543	1,944	- 8.2	30.8
On-job training	24	30	36	- 20.0	- 16.7
Special restorative training	3	2	2	50.0	0.0
Sons and Daughters	54,613	51,359	44,171	6.3	16.3
College	51,001	47,941	41,308	6.4	16.1
Other schools	3,389	3,116	2,641	8.8	18.0
On-job training	190	276	190	- 31.2	45.3
Special restorative training	33	26	32	26.9	- 18.7

[1] Includes 626 with type of training unknown.

[2] A more detailed breakout of chapter 34 training is provided in appendix B, table

[3] In the text the category "other residence schools" includes cooperative farm and flight training.

G. Veterans Eligible for Vocational Rehabilitation: Refers to veterans with a compensable service-connected disability who are found to be in need of special rehabilitation benefits to overcome the vocational handicap imposed by their disabilities.

III. VETERANS EDUCATIONAL ASSISTANCE - CHAPTER 34

A. In Training - April 1976

1. Traditionally, the months of November and April have been the peak months for training during the academic year. Since the beginning of the current GI bill, there have been more people in training at the end of each April than in either April or November of the previous calendar year. For the first time -- at the end of April 1976 -- this did not happen. With 1,768,180 persons in training at the end of the month, there was a decrease of 1.3 percent in the number in training from April 1975. The increases from April 1973 to April 1974 and from April 1974 to April 1975 were 9.7 percent and 16.6 percent, respectively. The number in training in April 1976 was also 57,451 lower (3.1 percent) than at the end of November 1975. It is almost certain that the 1,825,631 in training last November will be the peak training load for the current GI bill. College level training which usually comprises about two-thirds of the training count in peak months, reached its highest level at the end of March 1976 when the total training at college level was 1,312,152; by the end of April 1976 this number had declined to 1,278,638.

2. There were 194,682 persons in training in other residence schools at the end of April 1976. This too was below the peak month for this type of training which occurred at the end of April 1975 (201,181). This total was the lowest since October 1975. Job training which has been declining steadily since the peak enrollment of May 1974 (128,945) reached its lowest count in April (75,792) since March 1970. Training by correspondence (219,068) which continued a downward trend was also well under the November 1975 total of 247,184 and the April 1975 total of 280,552. The peak for training by correspondence occurred at the end of July 1974 when there were 309,598 persons training. Table 2 presents pertinent data on the numbers of eligible persons, and their participation in training under chapter 34.

Table 2

GI BILL TRAINING - SELECTED DATA

April 1976

Post-Korean Veteran Population	April 1976
TOTAL	11,094,000
Vietnam era	8,008,000
Service between Korean conflict and Vietnam era	3,086,000
Applications for Training	
TOTAL	7,000,553
Veterans	6,249,830
(Vietnam era)	(4,678,011)
Service personnel	750,723
Persons Ever In Training	
TOTAL	6,437,157
Veterans	5,735,298
(Vietnam era)	(4,350,825)
Service personnel	701,859

Table 2 (Cont.)

Median Age at Original Entry Into Training (Cumulative through June 1975)	26.1 years
All post-Korean conflict veterans	26.3
Vietnam era veterans	25.0
Peacetime post-Korean conflict veterans	33.3
Service personnel	24.2
Median Age of Persons In Training - April 1976	29.6 years
All post-Korean conflict veterans	29.7
Vietnam era veterans	28.5
Peacetime post-Korean conflict veterans	38.6
Service personnel	26.6

B. Vietnam Era Veterans In Training: As in the past, Vietnam era veterans made up the majority of the GI bill trainees. The 1,352,121 in training at the end of April amounted to more than 76 percent of all persons in training under chapter 34. Seventy-five percent of all Vietnam era veteran trainees were in college level training, while 9 percent each were in other residence school training and training by correspondence, 5 percent were in on-job training and the remaining 2 percent were divided between flight and farm training (see table 1 and appendix B, table 1).

C. Peacetime Post-Korean Conflict Veterans In Training: Peacetime post-Korean veterans, who were in their next to last month of training as a group, made up 19 percent of the trainees at the end of April. The 336,735 in training was 3.7 percent greater than at the end of April 1975. Peacetime post-Korean veterans were the only eligibility group of which there were more in training at the end of this April than last. College level training constituted the greatest percentage of the peacetime veteran trainees with over 72 percent in training. Correspondence training comprised the next largest group with almost 13 percent in training while other residence school trainees made up almost 9 percent and on-job training, flight and farm training each amounted to around 2 percent.

D. Service Personnel In Training: The remaining 5 percent (79,324) of the chapter 34 trainees were service personnel in training under the GI bill. Sixty-eight percent of service personnel in training were training by correspondence. Another 25 percent of the trainees were taking college level training while the remaining 7 percent was divided approximately equally between flight training and training in other residence schools (see appendix B, table 2 for detail by branch of service).

E. In Training During the Month: Although there were 1,768,180 in training at the end of April 1976, a total of 1,922,793 persons trained one or more days during the month of April. The difference between the number in training at the end of the month and the number trained during the month is composed of those who did train during the month but terminated their training before the end of the month. When enrollment, particularly for training at the college level, is on the ascendency, the difference between the two statistics is small; when enrollment is decreasing (e.g., the end of terms, semesters, quarters, etc.), the difference can be quite large. Table 3 compares the number in training at the end of the month with the number in training during the month by type of training.

F. Type of Training by Training Time - April 1976

1. Full-time training continued to be predominant for chapter 34 trainees with 54.6 percent in training full time at the end of April 1976. This is slightly above the full-time percentage experienced at the end of November and April 1975 (54.4 percent for both). The percentage training full time varied among the different types of training with the highest percentage being in on-job training (full-time programs only) and the lowest percentage in correspondence and flight training (part-time training only). (See table 4 and appendix B, tables 3 through 6 for detail. Appendix B, tables 7 through 10 give the corresponding data for the cumulative ever trained. Also see appendix B, table 11.)

IN TRAINING - CHAPTER 34

April 1976

	CHAPTER 34 TOTAL		VETERANS		SERVICE PERSONNEL	
	End of Month	During Month	End of Month	During Month	End of Month	During Month
TOTAL	1,768,180	1,922,793	1,688,856	1,835,251	79,324	87,542
College	1,278,638	1,364,274	1,258,889	1,339,195	19,749	25,079
Other residence	150,859	161,629	148,275	156,266	2,584	5,363
Correspondence	219,068	273,650	164,872	219,353	54,196	54,297
Farm	22,223	22,796	22,223	22,796	--	--
Flight	21,600	24,466	18,805	21,663	2,795	2,803
On-job training	75,792	75,978	75,792	75,978	--	--

Table 4

CHAPTER 34 - PERCENTAGE OF PERSONS IN TRAINING FULL TIME

As of April 30, 1976

TOTAL	54.6%
College (noncorrespondence)	59.7
Other residence schools (noncorrespondence)	64.8
(Vocational & technical)	(70.1)
(High school)	(67.0)
(Flight)	(0.0)
(Farm)	(97.1)
On-job training	100.0
Correspondence	0.0

2. A larger percentage of Vietnam era veterans were in training full time (58.3 percent) than were the older more established peacetime post-Korean veterans (50.2 percent). Service personnel in training had the smallest percentage of full-time trainees (9.9 percent) undoubtedly because of active duty responsibilities which precluded it and the relative inaccessibility of training institutions to duty stations.

G. Total Ever Trained Under Chapter 34 Through April 1976

1. The total number who had ever trained under the current GI bill through April 1976 was 6,437,157. Of this total, 3,592,213 had trained in colleges or universities, 1,216,618 in other residence schools, 1,158,221 by correspondence, and 470,105 on the job. [1] (See appendix B, table 7.)

2. Two-thirds of the trainees under chapter 34 have been Vietnam era veterans. By the end of April 1976, a total of 4,350,825 Vietnam era veterans had trained under the GI bill. Of these, 2,630,524 had trained in institutions of higher learning, 716,509 in other residence schools, 595,005 in correspondence courses and 408,787 in on-job training (see appendix B, table 9).

3. By the end of April 1976, 1,384,473 peacetime post-Korean conflict veterans had trained under the current GI bill. This total was made up of 731,423 who trained in colleges or universities, 267,944 who trained in other residence schools, 323,788 who trained in correspondence courses and 61,318 who took on-job training (see appendix B, table 7). Between the original delimiting date of May 31, 1974 and the end of April 1976, 264,895 peacetime post-Korean conflict veterans entered training for the first time. This was made possible by the extension of the eligibility period from 8 years to 10 years with the enactment of Public Law 93-337. (This extension also permitted continued participation by peacetime post-Korean conflict veterans who previously had entered training as well as Vietnam era veterans who returned to civil life prior to the effective date of the current GI bill.)

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[1] The "ever trained" counts by type of training represent only the last type of training taken. A trainee who first took college training and later took a correspondence course, not at the college level, would be counted in correspondence training and not in college. As a result of this, the total number of persons who ever trained in the individual types of training is understated. The grand total of 6,437,157 for all types of training is an unduplicated count. (The November 1975 IB, DVB IB 20-76-3 in the footnote comparable to this one (page 9, footnote 2), erroneously reported a grand total of 6,094,750 through November 1975. The correct grand total through November 1975 was 6,154,835.)

4. Through April 1976, a total of 701,859 persons had trained while on active duty but had not later trained as veterans (see appendix B, table 9). Training taken by these service personnel through April 1976 included 230,266 in college, 239,428 by correspondence training and 232,165 in other residence schools. Of the service personnel who trained in other residence schools, 198,036 or 85.3 percent were high school trainees. These numbers substantially understate the true number of service personnel trained. For example, in June 1975 the comparable figure -- 610,212 -- represented about 76 percent of all persons who had used GI bill entitlement while on active duty in the Armed Forces. The other 24 percent had reentered training after becoming veterans and thus were not counted as service personnel trainees. It is likely that most of the over 600,000 service personnel trainees who were not in training at the end of April 1976 have returned to civil life; therefore, they are considered veterans who have trained under the current GI bill.

H. Proprietary Status of Facilities

1. Most persons in training under chapter 34 on April 30, 1976, were training in public facilities (66.8 percent). However, the total was composed of four types of training, two of which were primarily public (college and other residence schools) and two which were primarily private (on job and correspondence). Of the GI bill trainees in colleges at the end of April 1976, 81.9 percent were enrolled in public facilities; these included almost all (99.3 percent) of those training in teachers' colleges and more than 9 of 10 (90.1 percent) of those training in junior or community colleges. Of those training in residence schools other than college, 60.2 percent were enrolled in public institutions. Conversely, only 11.6 percent of those taking job training were in public facilities and only 0.3 percent of those taking training in correspondence schools were in public facilities. A large proportion of those in job training in public facilities are training to become policemen, firemen, sheriffs and bailiffs under the auspices of various government organizations. The larger percentage of school trainees in public facilities occurs primarily because most school trainees (both college and other residence school trainees) have had the option of attending low-tuition state-supported educational institutions, whereas correspondence training and on-job training generally are not available from tax-supported institutions. Appendix B, table 12 shows the distribution of trainees by type and proprietary status of facility as of April 1975 and April 1976.

2. The percentage of trainees who are in training in public facilities continues to increase, rising from 62.9 percent in April 1975 to 66.8 percent in April 1976. This rise was caused by an increase in the numbers of trainees in public facilities and a concomitant decrease in the number of trainees in private facilities. However, these changes primarily represent a decreasing number of chapter 34 trainees taking types of training where private facilities predominate (correspondence and on-job training). The percentage of trainees who trained in public institutions fell slightly for college trainees, but rose slightly for other residence schools, correspondence and on-job training. Table 5 shows these phenomena.

Table 5

TYPE OF FACILITY BY PROPRIETARY STATUS OF FACILITY

Type of Facility	Percent Public April 1976	Percent Public April 1975	Percentage Change in Trainees from April 1975 to April 1976
Primarily public			
College	81.9%	82.9%	+ 6.6%
Other residence schools	60.2	57.0	- 2.6
Primarily private			
Correspondence	0.3	0.2	- 21.9
On-job training	11.6	10.1	- 34.0

I. Junior College Training: Junior college training has expanded faster than other types of college training and it now accounts for the majority of college level trainees under chapter 34. In addition, while the number in training in college fell from November 1975 to April 1976, the number of junior college trainees rose (711,413 to 729,553). The increases occurred primarily among Vietnam era veterans (551,[illegible]10 to 567,626). The number of peacetime post-Korean veterans training in junior college rose by a small amount (158,106 to 160,545) and service personnel fell (2,097 to 1,382).

1. In Training

a. Of the 1,279,756 chapter 34 trainees enrolled at the college level on April 30, 1976, 57.0 percent were in junior colleges. 1/ Table 6 shows the junior college percentage of college trainees for the three groups of trainees under the current GI bill (also see appendix B, table 13).

Table 6

JUNIOR COLLEGE PERCENTAGE OF THOSE TRAINING IN COLLEGE

April 30, 1976

	Percent of All College Trainees in Junior College	Percent of Undergraduate Trainees in Junior College
TOTAL	57.0%	62.7%
Vietnam era veterans	55.9	61.0
Peacetime post-Korean veterans	65.8	71.6
Service personnel*	6.9	16.3

* Data for service personnel who train many times is not reported until the training is complete, which means that these service personnel are never reported as in training. A more accurate reflection of college training by service personnel is found in the June 1975 IB, DVB IB 20-75-9 which gives fiscal year 1975 summary training data. This shows that 37.4 percent of service personnel who trained in college during fiscal year 1975 did so in junior colleges. Excluding graduate level training, junior college makes up 53.4 percent of the undergraduates.

The group of college trainees that chooses junior college training most often is the peacetime post-Korean conflict veterans. A reason for this may be that junior colleges are usually located in residential communities where these older, established and less mobile veterans can conveniently train.

b. Of the veterans training in junior colleges, 90.1 percent were attending public junior colleges. Veterans choose public over private junior colleges because the benefit is a fixed monthly amount and training in low-tuition public junior colleges enables them to retain more of the benefit for subsistence purposes.

1/ The 1,279,756 chapter 34 trainees at the college level include 1,118 correspondence trainees. The reason for their inclusion here is that it is not possible to distinguish these trainees within the junior college category.

2. Junior College Growth as Compared with Growth in Other College Training Under Chapter 34: Over the past 4-school years, the number of GI bill trainees in junior college has had a large and continuous growth while the number in training in college other than junior college has had a relatively small and sometimes discontinuous growth. Chart 1 shows the number of junior college trainees as compared with other college trainees for succeeding peak spring and fall enrollments (April and November) from November 1972 to April 1976. There are several possible causes for the sustained upsurge in junior college training when compared with other college training:

a. Junior colleges have become increasingly more available in communities all over the United States. Because they make training more accessible they attract people into training who otherwise would not have trained. They offer a broad range of programs in both lower level undergraduate training and, vocational and technical training. By doing this they present a convenient alternative to 4-year colleges for some veterans and service personnel and an alternative to vocational and technical schools for others.

b. The substantial increase in monetary benefits in both October 1972 and December 1974 evidently motivated many veterans who previously did not train due to lack of money, to enter these primarily low-cost institutions.

c. Rising educational costs have caused many veterans to choose less expensive junior colleges in lieu of the more expensive 4-year institutions.

d. Training proves an alternative to unemployment for some veterans because it often brings with it same needed financial assistance. Because veterans with less than a high school education are the most likely to be affected adversely by unemployment, many enter training when unemployment is high, as it has been in recent years. In addition, most junior colleges offer practical vocational and technical training which on completion gives trainees an increased chance for employment. Also, junior colleges generally have lower academic standards and a more open admission policy which attracts veterans who may not qualify for 4-year colleges.

J. State Comparison of GI Bill Training

1. Persons In Training at the End of April 1976

a. All veterans and service personnel in training

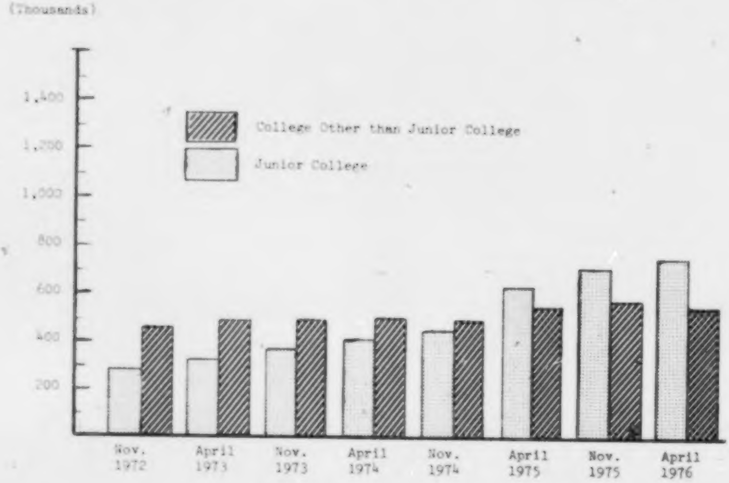
(1) Appendix B, tables 14 and 15 show the State of residence given at the time a veteran or service person on active duty applied for GI bill benefits for those who were in training at the end of April 1976. (The data shown on table 15 for chapters 35 and 31 are discussed in Parts V and VI, respectively.) Of the 1,768,180 persons in training under chapter 34, the State of California accounts for the greatest number of residents in training with 299,543 trainees. This is about two and one-half times the number for the next largest States, New York and Texas, with 117,939 and 105,150, respectively. At the other end of the scale are Vermont (2,078 trainees), Alaska (2,601 trainees) and Wyoming (2,638 trainees).

(2) Some States have a disproportionately large share of the trainees because their number includes some who had first entered training as active duty service personnel; this tends to distort trainee counts in some States because they are based on State of residence at time of application. This distortion is particularly noticeable for the District of Columbia because all trainees who entered training as service personnel while stationed overseas are reported as residents of the District of Columbia.

Chart 1

DISTRIBUTION OF TRAINING FOR JUNIOR COLLEGES

AND OTHER COLLEGE LEVEL TRAINING



b. Vietnam era veterans in training: For the 1,352,121 Vietnam era veterans in training on April 30, 1976, the state with the largest number in training was California with about one-sixth of all trainees. However, California has also experienced the largest numerical decrease in training among the various states. It accounted for 7,203 of the 21,263 net drop in Vietnam era veteran trainees under chapter 34 from April 1975 to April 1976. For California this represents a 3.1 percent drop in number of veterans in training from April 1975 to April 1976 compared with an overall drop of 1.5 percent nationwide. While most states (32) experienced a drop in Vietnam era veterans in training, some states had substantial increases. Except for the District of Columbia (with the problems inherent in the reporting system stated in the preceding paragraph), the largest percentage growth in the "in training" statistic occurred for residents of New Hampshire (17.5 percent), Massachusetts (13.0 percent), South Dakota (12.3 percent), Hawaii (12.0 percent) and West Virginia (10.4 percent). States with the largest percentage decreases include Pennsylvania (-12.9 percent), Minnesota (-12.0 percent), Utah (-11.2 percent),and Iowa (-10.5 percent), (see appendix B, table 16 for state data).

c. States with the largest numbers and highest proportions of State trainees in each type of training on April 30, 1976: Appendix B, table 14 shows how the trainees from each State are distributed by type of training. The State of California has the largest number of trainees in each category except farm training, while Arkansas leads the nation in farm trainees. More than eight of ten persons in training from the States of Arizona, California Rhode Island, Massachusetts and Texas are taking college level training compared with seven of ten overall. Almost one of every three Georgia veteran trainees is taking training in other residence schools compared with one of ten overall. Fifteen percent of Vermont trainees were veterans in on-job training compared with 4.3 percent overall. And in Arkansas, 23 percent of all trainees were in farm training compared with 1.3 percent overall.

2. Persons Ever Trained Through April 1976

a. Of the 6,437,157 persons who had ever trained under chapter 34 through April 30, 1976, 975,038 (15.1 percent) had declared their residence at time of application to be California. Other states with large numbers of persons ever trained include New York with 449,737 trainees and Texas with 376,668 trainees (see appendix B, table 17).

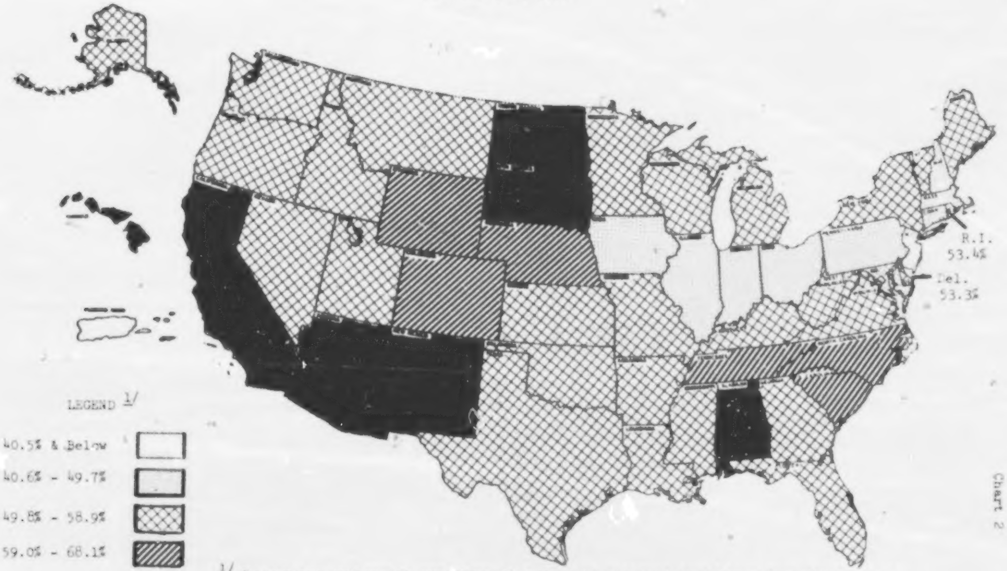
b. Growth in the last twelve months: In the 12-month period following the end of April 1975, there were 779,892 new entrants into training - a 12.1 percent increase in the number of persons who had trained under the current GI bill. The number of residents of the State of California who entered training constituted the largest total of original entries for any State although the percentage growth in trainees was the same as the national rate. The greatest percentage increases occurred respectively for Hawaii, Washington, South Dakota, Maine and New Hampshire. More than one-fifth of all Hawaiian residents trained under the current GI bill entered training for the first time in the 12-month period from May 1975 through April 1976 (see appendix B, table 17). Of all the States, Pennsylvania experienced the smallest rate of growth in the number trained during this period.

c. Participation rate for Vietnam era veterans by State: The national participation rate is calculated by dividing the total number of living Vietnam era veterans into the number of persons who have ever trained under the current GI bill. For Vietnam era veterans, the overall participation rate had reached 54.3 percent, exclusive of service personnel (63.1 percent with service personnel included, see appendix B, tables 18 and 30). We usually cite the nationwide rate with service personnel included because most of them are now veterans; however, service personnel are always omitted from the participation rate of individual states because of the disproportionate distribution of service personnel on active duty. The highest participation rate for veterans has been achieved by the State of North Dakota with 92.3 percent of its veterans having trained. 1/ South Dakota and Hawaii follow with 81.6 percent and 75.0 percent, respectively. At the other end of the scale are Vermont with 35.8 percent, New Jersey at 38.9 percent, Indiana at 42.8 percent, and Massachusetts at 42.8 percent. (See chart 2.) The States with the highest participation rate by each type of training are shown in table 7.

1/ North Dakota training data may be inflated a bit because of some multi-state training in other residence schools.

PARTICIPATION RATE FOR VIETNAM ERA VETERANS BY STATE

Through April 1976



LEGEND 1/

- 40.5% & Below ☐
- 40.6% - 49.7% ░
- 49.8% - 58.9% ▦
- 59.0% - 68.1% ▨
- 68.2% & Above ■

1/ Percentage categories are given by number of standard deviations from the mean, as follows:

$\overline{X} - 1.5S = 40.5$ $\overline{X} + .5S = 58.9$

$\overline{X} - .5S = 49.7$ $\overline{X} + 1.5S = 68.1$ where the state mean $\overline{X} = 54.3$ and $S = 9.2$

Table 7

STATES WITH THE HIGHEST PARTICIPATION RATES AMONG VIETNAM ERA VETERANS
By Type of Training

State	Type of Training	Percentage Participation*
Arizona	College	54.1%
North Dakota ** & Georgia	Other residence schools	19.6 and 19.4
South Dakota	Correspondence	11.6
North Dakota	On-job training	14.3

* See appendix B, table 18.

** North Dakota training data may be inflated a bit because of some multi-state training in other residence schools.

(Because of the reporting problems previously stated, the District of Columbia is not considered in the discussion of participation rates.)

d. Factors affecting State participation rates of Vietnam era veterans

(1) Although there is some variation for individual states, the states with higher college participation rates by Vietnam era veterans are generally states with lower average tuition and vice versa. The states with the lowest tuition and highest participation rates in college are found for the most part in the western part of the United States where states generally provide a system of easy access, low tuition public colleges.

(2) States in the southeast tend to have the highest levels of participation rates in residence schools other than college (including farm). This is due primarily to public systems of vocational-technical schools which are made available to residents of these states.

(3) Neither training on-the-job nor training by correspondence show any presently discernible geographic patterns in state participation rates for Vietnam era veterans.

(4) Two factors which may contribute to participation within individual states are the age by prior education distribution for males within the states and the eligibility factor for entrance into college level schools, particularly to public institutions, which vary from state to state.

e. Variation of participation rates among states for Vietnam era veterans: Although some variation has always existed among the participation percentages of the States, it has recently become more evident. The following table shows the mean, the range and the standard deviation of the state participation rates for Vietnam era veterans at three points in time over the last 4 years (April 1972, April 1974 and April 1976). Of particular interest is how the variation (as reflected in the standard deviation) changed between April 1972 and April 1974 and between April 1974 and April 1976.

Table 8

STATE PARTICIPATION RATE DISTRIBUTION FOR VIETNAM ERA VETERANS*

	Mean State Participation Rate	Standard Deviation of the State Participation Rate	Range of Participation Rate
April 1972	35.9%	7.7%	(20.8% - 55.5%)
April 1974	46.0	6.6	(32.8 - 73.1)
April 1976	54.3	9.2	(35.8 - 92.3)

* Statistics for April 1976 were derived from appendix B, table 18. Statistics for April 1972 and April 1974 were derived from comparable tables in DVB IB 24-72-4 and DVB IB 20-74-3, respectively. Service personnel, Vietnam era veterans who are residents of the District of Columbia and those who live outside the U.S. are excluded from all data.

The data in this table show three things:

(1) There was a continuous increase in overall participation over the entire 4-year period.

(2) During the early part of the 4 year period, state participation rates tended to grow closer together.

(3) From April 1974 through April 1976 State participation rates became more varied. Point 2 reflects the low participation rate States catching up during the first half of the 4-year period. This contrasts sharply with point 3 which reflects a subsequent turnaround during the latter 2 years when participation increased to the greatest extent in states which already had the highest participation rates. The biggest part of the overall increase in cumulative state participation as well as the increase in variation of state participation rates can be attributed to the large but non-uniform growth of college participation. In particular much of the growth and increased variation has come about as a result of the recent large growth in junior college training in those low tuition states where college participation was high already.

K. Dependency Status for Veteran Trainees

1. Under the current GI bill veteran trainees with dependents are eligible for an additional allowance over and above the basic benefit if training is one-half time or more. The amount of the dependency allowance is determined by the number of dependents the veteran has, the type of training taken, and whether training is one-half time, three-quarter time, or full time (see appendix A for details). Service personnel do not receive additional benefits for dependents while training under the GI bill.

2. As shown in table 9 below, at the end of April 1976, 67.0 percent of Vietnam era veterans in training and 78.2 percent of peacetime post-Korean veterans in training were receiving an additional allowance for dependents. Of those training one-half time or more, 75.9 percent of Vietnam era veterans and 94.1 percent of peacetime post-Korean veterans were receiving the additional allowance for dependents. Table 9 also shows that these "in training" percentages exceed the percentages for all veterans who have ever trained, because more recent trainees usage of the dependents allowance has increased over that of the late 1960's and early 1970's. (For details see appendix B, table 19.)

Table 9

PERCENTAGE OF VETERAN TRAINEES RECEIVING DEPENDENTS ALLOWANCE

As of April 30, 1976

	Veterans In Training Under Chapter 34	Veterans Ever Trained Under Chapter 34 In Their Latest Training Status
All veteran trainees	69.2%	55.4%
Vietnam era veterans	67.0	55.0
Peacetime post-Korean veterans	78.2	56.7
All veterans training one-half time or more	79.3	72.7
Vietnam era veterans	75.9	68.8
Peacetime post-Korean veterans	94.1	87.9

3. In the period from April 1975 through April 1976, the decrease in veterans in training included a small decrease in the number of those who receive supplemental benefits for dependents. However, the percentage receiving dependent benefits increased because of the relatively large decrease in the number in training who are not paid for dependents. These changes are shown in table 10 below.

Table 10

PERCENTAGE DISTRIBUTION BY DEPENDENCY STATUS

Veterans In Training

	Trainees Paid for Dependents	Trainees Not Paid for Dependents
April 1974		
Number	847,379	601,014
Percent	(58.5%)	(41.5%)
November 1974		
Number	880,490	574,484
Percent	(60.5%)	(39.5%)
April 1975		
Number	1,097,110	600,869
Percent	(64.6%)	(35.4%)
November 1975		
Number	1,179,082	560,413
Percent	(67.8%)	(32.2%)
April 1976		
Number	1,168,932	519,924
Percent	(69.2%)	(30.8%)

The increase in percentage of veteran trainees paid for dependents has come about for two reasons:

a. The percentage of veteran trainees who were training one-half time or more (eligible for supplemental assistance for dependents) has increased. Table 11 shows the percentage of veteran trainees who were training one-half time or more at the five most recent training peaks. 1/

1/ The increase in the percentage of trainees who train one-half time or more represents a shift in the types of training used. Colleges and other residence school training (half-time and above training available) have grown relative to correspondence and flight training (which are strictly part-time). Only the number of on-job trainees (primarily full-time) has fallen and gone against the prevailing tendency towards a greater proportion of trainees one-half time or more.

Table 11

PERCENTAGE OF VETERANS TRAINING ONE-HALF TIME OR MORE

	Number of Veteran Trainees	Number One-Half Time or More Trainees	Percentage
April 30, 1974	1,448,393	1,150,207	79.4%
November 30, 1974	1,454,974	1,166,208	80.2
April 30, 1975	1,697,979	1,429,561	84.2
November 30, 1975	1,739,495	1,497,656	86.1
April 30, 1976	1,688,856	1,473,510	87.2

b. The percentage of half-time or more trainees receiving dependents supplemental benefits has increased. This has occurred because as the GI bill's duration lengthens, its veteran trainees tend to be older and more likely to have dependent families. Table 12 shows the increasing percentage of veterans in training one-half time or more who received supplemental assistance for dependents and the increasing median age of veterans in training.

Table 12

VETERANS IN TRAINING - ONE-HALF TIME OR MORE

	Number	Number Receiving Dependents Supplemental Benefits	Percentage Receiving Dependents Supplemental Benefits	Median Age, All Veterans In Training**
April 30, 1974	1,150,207*	847,379	73.7%	27.9 years
November 30, 1974	1,166,208*	880,490	75.5	28.3
April 30, 1975	1,429,561*	1,097,110	76.7	28.7
November 30, 1975	1,497,656*	1,179,082	78.7	29.4
April 30, 1976	1,473,510*	1,168,932	79.3	29.7

* These numbers include cooperative farm training, whereas in DVB IB 20-75-5, dated April 1975, (table 10), they are reported without the number of cooperative farm trainees.

** Median age for veterans training one-half time or more is not available.

4. Through April 1976, 55.4 percent of all veterans ever trained under chapter 34 had received a benefits allowance for dependents in their most recent training status. Of the Vietnam era veterans who have trained under the current GI bill, 55.0 percent have received supplemental benefits for dependents and of the peacetime post-Korean veteran trainees, 56.7 percent have received supplemental benefits for dependents. Each of these percentages exceeds both the 53.9 percent for trainees who received assistance for dependents under the World War II GI bill and the 54.0 percent for trainees who received assistance for dependents under the Korean GI bill. Moreover, the cumulative percentage who receive supplemental benefits for dependents under the current GI bill is expected to keep rising because of the trend for successively larger percentages of veteran trainees eligible to receive them. (See appendix B, table 20 for cumulative data and table 13 below for data on recent trends in the cumulative usage of supplemental assistance for dependents.)

Table 13

VETERANS EVER TRAINED

	Percentage Who Received Dependents Supplemental Benefits	
	All Post-Korean Veterans	Vietnam Era Veterans
April 30, 1973	47.8%	47.0%
April 30, 1974	49.9	49.5
April 30, 1975	52.8	52.5
April 30, 1976	55.4	55.0

L. Educationally Disadvantaged Trainees: Veterans and service personnel who have neither completed 4 years of high school nor received credit for high school completion on the basis of a General Educational Development equivalency certificate, are considered to be educationally disadvantaged. Because of the deficiencies in the basic educational background of these individuals there is a special interest in their training under the GI bill.

1. Veterans In Training [1]

a. There were 178,283 veterans in training on April 30, 1976 who were educationally disadvantaged at the time they entered training. This number was composed of 89,375 trained in college, 56,529 in other residence schools, 8,530 in on-job training and 23,849 in correspondence training (see appendix B, table 25).

b. During the last 12 months, the number of educationally disadvantaged veterans in training under the current GI bill has increased while the number of veterans who had graduated from high school has decreased. From April 1975 to April 1976 the number of educationally disadvantaged veterans in training grew by 3.5 percent while the number of other veterans in training fell by 1.0 percent (see table 14 and appendix B, table 25). As shown in table 14, the increase in the number of educationally disadvantaged trainees was composed of a rise in the number of trainees from April 1975 to November 1975 and a drop in the number of trainees from November 1975 to April 1976. Other veterans followed the same pattern; there was an increase in training from April 1975 to November 1975 and a decrease from November 1975 to April 1976. However, this led to a net decrease in other veteran trainees from April 1975 to April 1976 because the decrease outweighed the earlier increase. These results reflect a recent phenomenon wherein the veteran trainees who are not educationally disadvantaged have (up until the most recent period, November 1975 to April 1976) shown smaller percentage increases than veteran trainees who are educationally disadvantaged. In the period November 1975 to April 1976 this phenomenon showed up as a percentage decrease among other veterans which was greater than that of educationally disadvantaged trainees. The percentage increases in training among educationally disadvantaged and other veterans are shown in chart 3 for fall and spring peak training loads starting in April 1972.

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[1] This section discusses the April 30, 1976 in-training data for educationally disadvantaged veterans, but not for educationally disadvantaged service personnel. In-training data for educationally disadvantaged service personnel understate the number in training because of the relatively short duration of many of the PREP courses taken by educationally disadvantaged service personnel. In many cases, trainees finish training by the time processing of their records has been completed. When this happens the number of service personnel for whom this occurs are added to the "ever trained" group but are not reflected in the "in training" group. The training of educationally disadvantaged service personnel is discussed further in section III L2c "Training by Educationally Disadvantaged Service Personnel."

Table 14

	April 1976	November 1975	April 1975	Percent Change April 1975 - April 1976	Percent Change Nov. 1975 - April 1976	Percent Change April 1975 - Nov. 1975
TOTAL VETERANS	1,688,856	1,739,495	1,697,979	- 0.5%	- 2.9%	2.4%
Educationally disadvantaged	178,283	179,380	172,282	3.5	- 0.6	4.1
All others	1,510,573	1,560,115	1,525,697	- 1.0	- 3.2	2.3
VIETNAM ERA VETERANS	1,352,121	1,387,580	1,373,384	- 1.5	- 2.6	1.0
Educationally disadvantaged	125,864	124,305	121,358	3.7	1.3	2.4
All others	1,226,257	1,263,275	1,252,026	- 2.1	- 2.9	0.9
PEACETIME POST-KOREAN VETERANS	336,735	351,915	324,595	3.7	- 4.3	8.4
Educationally disadvantaged	52,419	55,075	50,924	2.9	- 4.8	8.2
All others	284,316	296,840	273,671	3.9	- 4.2	8.5

c. Chart 3 demonstrates the sharp increase in training which has occurred after increases in benefits, particularly among educationally disadvantaged veterans.

d. Table 15 shows the April 1975, November 1975 and April 1976 in training figures for educationally disadvantaged and other veterans by period of service. This table shows that the number of peacetime post-Korean conflict veteran trainees declined while the number of Vietnam era veteran trainees increased slightly during the period November 1975 through April 1976. This decrease of peacetime post-Korean conflict veterans occurred as they approached their GI bill school delimiting date of May 31, 1976. For these veterans the percentage decrease was a little larger for the educationally disadvantaged than for the others. Educationally disadvantaged Vietnam era veterans were the only group to actually show an increase from November 1975 to April 1976.

e. From April 30, 1975 through April 30, 1976 there was an increase in the number of educationally disadvantaged veterans training in college (the category of training taken by the largest number of educationally disadvantaged veterans). Specifically, junior college training continued to be by far the major category of college training taken by educationally disadvantaged veterans, and it is in this category where the greatest part of the increase occurred. There was also a small increase in training by educationally disadvantaged veterans in "other residence schools." Most of this increase occurred because of the increase in high school trainees. On-job training and training in correspondence decreased among educationally disadvantaged veterans as they did among other veterans. Table 15 shows the number of educationally disadvantaged veterans in the four major categories of training as of April 30, 1975, November 30, 1975 and April 30, 1976. It also gives comparable data for both Vietnam era and peacetime post-Korean conflict educationally disadvantaged veterans. Appendix B, table 25 shows the number of educationally disadvantaged veterans in training on April 1975 and April 30, 1976 and the percentage increase (or decrease) by type of training. In addition, it shows comparable data for veterans who were high school graduates and those with one or more years of college.

2. Ever Trained: Veterans and Service Personnel

a. Total number of educationally disadvantaged who have trained: Through April 1976, 871,887 educationally disadvantaged post-Korean conflict veterans and service personnel had trained since the current GI bill became effective, including 455,008 Vietnam era veterans, 214,810 peacetime post-Korean conflict veterans and 202,069 service personnel. The cumulative number of educationally disadvantaged trainees ever trained under the current GI bill rose in the period April 30, 1975 through April 30, 1976 from 717,392 to 871,887, an increase of 154,495 or 21.5 percent. Substantial increases occurred among both veteran and in-service trainees. The number of disadvantaged Vietnam era veteran trainees increased from 371,665 to 455,008 or 22.4 percent; disadvantaged peacetime post-Korean conflict veteran trainees increased from 187,804 to 214,810 or 14.4 percent; and disadvantaged service personnel who had trained increased from 157,923 to 202,069 or 28.0 percent. These percentage increases in the number of educationally disadvantaged ever trained are greater than the percentage increases for all Vietnam era veteran trainees, all peacetime post-Korean conflict veteran trainees, and all service personnel trainees, respectively. Cumulative data by type of training and by percentage distribution of type of training for these three groups (by latest status) through April 1976 is given in appendix B, tables 23 and 24.

b. Participation by educationally disadvantaged Vietnam era veterans: Table 16 shows that the percentage participation of educationally disadvantaged Vietnam era veterans had been increasing faster than the percentage participation of Vietnam era veterans with a high school education or more. However, as table 16 also shows, participation by educationally disadvantaged Vietnam era veterans is still substantially below that of Vietnam era veterans with a high school education or more.

Chart 3

PERCENTAGE GROWTH IN THE NUMBER OF VETERANS IN TRAINING

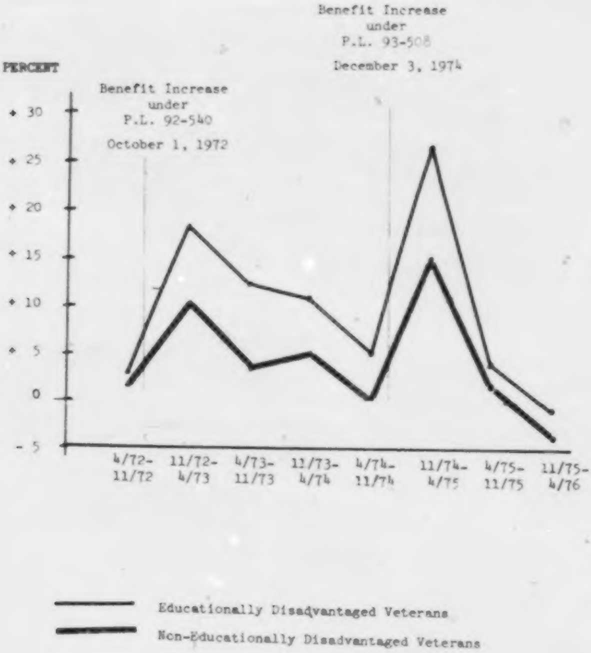


Table 15

EDUCATIONALLY DISADVANTAGED VETERANS
IN TRAINING UNDER CHAPTER 34

	April 1976	November 1975	April 1975
TOTAL	178,283	179,380	172,282
College	89,375	87,599	72,412
Other residence schools	56,529	54,501	54,126
On-job training	8,530	9,339	12,557
Correspondence	23,849	27,941	33,187
VIETNAM ERA VETERANS	125,864	124,305	121,358
College	63,004	60,855	51,003
Other residence schools	39,535	36,920	37,339
On-job training	7,325	7,990	10,624
Correspondence	16,000	18,540	22,392
PEACETIME POST-KOREAN VETERANS	52,419	55,075	50,924
College	26,371	26,744	21,409
Other residence schools	16,994	17,581	16,787
On-job training	1,205	1,349	1,933
Correspondence	7,849	9,401	10,795

Table 16

VIETNAM ERA VETERANS PERCENTAGE PARTICIPATION BY PRIOR EDUCATION

(Excludes Service Personnel)

	April 1976	April 1975	April 1974
Educationally disadvantaged veterans	40.1%*	34.5%	28.3%
All others	56.7*	53.5	48.9

* Estimated.

c. Training by educationally disadvantaged service personnel: Much of the increase in training by educationally disadvantaged service personnel is due to the PREP program (Predischarge Education Program) of the Armed Forces. This program makes an effort to encourage and assist educationally disadvantaged service personnel (and other service personnel requiring remedial or refresher courses) to prepare for their future by providing needed secondary, remedial or refresher training prior to discharge. In addition, this training is provided without loss of entitlement (see "free entitlement" paragraph 3 below). The recent emphasis on PREP training at the high school level by the Armed Forces is especially noteworthy. From April 1975 to April 1976 the number of educationally disadvantaged service personnel trained whose latest status was high school training rose from 108,955 to 138,632 (exclusive of correspondence training), an increase of 27.2 percent. Through the end of April 1976, high school (noncorrespondence) represented the latest training status for 68.6 percent of all educationally disadvantaged service personnel who had trained in the service and had not afterward trained as a veteran. Data for service personnel ever trained (less those who reentered training as a veteran) by type of training is shown in table 17 cumulative through April 1975 and April 1976.

Table 17

EDUCATIONALLY DISADVANTAGED SERVICE PERSONNEL EVER TRAINED

BY LATEST TYPE OF TRAINING WHILE IN SERVICE

	April 1976	April 1975	Percentage Change
TOTAL TRAINED	202,069	157,923	28.0%
College	37,555	24,347	54.2
Other schools	164,514	133,576	23.2
Residence schools other than high school	2,777	2,539	9.4
High school (residence)	138,632	108,955	27.2
Correspondence	23,105	22,082	4.6

This table shows that most of the growth in the number of service personnel who have ever trained occurred because educationally disadvantaged service personnel took high school training. It also shows that college training has grown very fast in the past year and has become an important type of training taken by educationally disadvantaged service personnel.

3. Free Entitlement: Under the current GI bill provision is made for veterans and service personnel to receive full benefits while training for high school completion without depletion of their basic entitlement. Other veterans and service personnel who have completed high school, but lack certain credits which are required for entrance into their selected program of training also may take the necessary courses on a "free entitlement" basis even though these may be noncredit courses in an institution of higher learning.

a. Of the 638,612 trainees who ever used free entitlement through April 1976, about 59 percent had not completed high school. The remaining 41 percent were veterans or service personnel who had completed high school before they entered training but received free entitlement for prerequisite noncredit preparatory or makeup courses.

b. The pattern of cumulative and current (April 30, 1976) usage of free entitlement by veterans and service personnel is shown in table 18. Service personnel account for a much greater percentage of free entitlement usage on a cumulative basis than they do at any point in time (such as April 30, 1976). A factor in this difference is the relatively short duration of many of the PREP courses which means some of the service personnel are never reported as in training (see footnote 1, section III 11).

Table 18

USAGE OF FREE ENTITLEMENT

	Ever Used Free Entitlement Through April 30, 1976		Using Free Entitlement as of April 30, 1976	
	Number	Percent*	Number	Percent
TOTAL	638,612	100.0%	64,034	100.0%
Vietnam era veterans	306,247	48.0	47,284	73.8
Peacetime post-Korean veterans	64,259	10.1	14,124	22.1
Service personnel	268,106	42.0	2,626	4.1

* This column represents the current status (veteran or service personnel) of the person who has used free entitlement, not their status at the time the free entitlement was first used. The analysis of a sample drawn from the master record file indicates that approximately 51 percent of persons who use free entitlement do so while in the Armed Forces.

c. There was a substantial increase in the use of free entitlement in the period April 30, 1975 to April 30, 1976 by all three groups of trainees. Table 19 shows the number of persons who ever used free entitlement for the total and each of the three groups of trainees. These increases in the usage of free entitlement occurred primarily as the result of increased training by the educationally disadvantaged (non-high school graduates).

Table 19

NUMBER OF PERSONS WHO EVER USED FREE ENTITLEMENT UNDER CHAPTER 34

	April 1976	April 1975	Percentage Change
TOTAL	638,612	460,663	38.6%
Vietnam era veterans	306,247	211,802	44.6
Peacetime post-Korean veterans	64,259	47,852	34.3
Service personnel	268,106	201,009	33.4

M. Trends In Training (Chapter 34)

1. Since the current GI bill went into effect on June 1, 1966, the fall and spring peak number of veterans and service personnel in training under chapter 34 has increased for each successive November and April enrollment with the exception of the most recent period November 1975 to April 1976. In November 1966, the number in training was 293,996. By November 1975 the number of veterans and service personnel in training had reached the maximum number in training under the current GI bill (1,825,631) and as of April 30, 1976 the number of persons in training under chapter 34 was 1,768,180. Although increases in the total in training occurred continuously through November 1975, the most pronounced increases in training occurred following increases in the financial assistance rate (see chart 4). The striking increase in training from November 1974 to April 1975 followed the 22.7 percent increase in the benefit level in the fall of 1974. The effect of this large benefit increase and to a lesser extent the effect of increased unemployment, particularly on educationally disadvantaged veterans, combined to cause this large increase in training (15.7 percent) between November 1974 and April 1975. The decline in training from November 1975 to April 1976 occurred as the 10 year delimiting date of May 31, 1976 approached for 3.6 million veterans. Another factor which has led to the decline in training is that although the number of persons eligible to train has increased, the number of newly separated persons, who are most likely to train, have declined. This phenomena has been observed for a number of years for groups of veterans separated in the various fiscal years; but, up until November 1975 this factor has been offset by enough new separatees and benefits increases to keep the numbers in training rising.

2. Within the "total in training," each type of training has generally grown during the tenure of the current GI bill and each type of training contributed to the decline of November 1975 through April 1976. Correspondence and on-job training had started to decline after April 1974 and other residence schools began to decline after April 1975. Only increases in college training kept the total from decreasing while other types of training were falling off, and, when college training itself declined between November 1975 and April 1976, the total and all four major types of training declined in number of trainees. Starting with November 1966, chart 4 shows successive (twice yearly, April and November) training loads for four types of training and the total.

3. The largest single type of training - college level - has grown along with the number eligible to train almost without interruption (except for seasonal variations) from November 1966 to November 1975, and had the greatest effect on the growth of the total. As shown in chart 4, the increase in college training has been particularly pronounced following benefit increases. College training (exclusive of correspondence) grew 23.5 percent from November 1974 to April 1975 following the benefit increase of December 1974. It continued to grow right on into the fall peak although at a somewhat slower rate (8.2 percent between April 1975 and November 1975), and finally decreased in the latest period (down 1.1 percent between November 1975 and April 1976).

4. From the beginning of the GI bill through April 1973 both the number of correspondence trainees and the proportion of total trainees taking correspondence training grew steadily larger with each successive training peak (there was one exception). From April 1973 to April 1974 the number taking correspondence leveled off so that the proportion of correspondence to total trainees began to fall and since April 1974 the number of correspondence trainees in training at successive spring and fall peaks has been declining. The following elements contributed to this reversal:

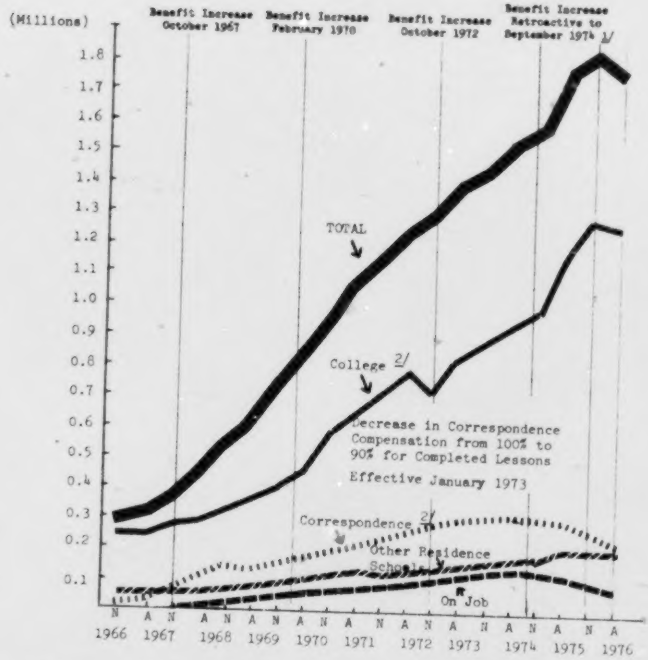
a. There are less newly separated individuals available to take correspondence training. Although correspondence training is less effected by time after discharge than other training, the newly separated are still somewhat more likely to train in correspondence training than others.

Chart 4

PERSONS IN TRAINING UNDER GI BILL

Successive Aprils and Novembers

(November 1966 through April 1976)



1/ Enacted and approved December 3, 1974, effective retroactive to September 1974.

2/ The College category excludes training taken by correspondence. College training taken by correspondence is included in the correspondence category where it makes up less than one percent of the trainees.

b. Trainees who contracted for correspondence training on or after January 1, 1973 were reimbursed for only 90 percent of the cost of completed training, as opposed to 100 percent for contracts made prior to that date. It should be noted that since correspondence trainees have received a flat percentage of the cost of their courses, benefit increases should have no motivating effect on the number of correspondence trainees.

c. Starting in January 1973, eligible veterans and service personnel were required to affirm an enrollment in a correspondence course after 10 days after enrolling in the course.

d. Starting in October 1972 service personnel were required to get the concurrence of their unit education officer prior to taking correspondence training.

e. Several of the large correspondence schools have ceased to accept new correspondence trainees because of financial and accreditation difficulties. Because of the large concentration of GI bill correspondence training in just a few schools, the phasing out of correspondence training by these "giants of industry" represents a large drop in the supply of correspondence training available to veterans and service personnel eligible for training under chapter 34.

5. On-job training was not available at the outset of the current GI bill in June 1966. It became available for the first time in the fall of 1967, and by April 1968, 2.1 percent of all those in training were in on-job training. Both the number of job trainees and the job trainee proportion of the total rose steadily along with the number eligible to train until April 1974 when there were 128,796 job trainees, or 8.4 percent of the total in training. On-job training actually reached its highest end-of-the-month enrollment in May 1974 when there was a total of 128,945 in training. However, by the end of April 1976 the number of on-job trainees had declined to 75,792 which is only 4.3 percent of all trainees. The decline in the number of job trainees has occurred primarily because the economic downturn has resulted in decreasing employment opportunities in the economy generally and fewer job training opportunities for prospective on-job trainees in particular. As in other types of training, the drop in the number of newly separated persons undoubtedly has had a negative effect on the number of job trainees. However, this effect is quite small when compared with the drop in job training which has occurred because of the economic downturn. (For additional details on the effects of unemployment see section IIIN2.)

6. The number of trainees in residence schools other than college grew along with the number of eligibles over the tenure of the current GI bill up through April 1975 (although somewhat discontinuously between April 1971 and April 1975). After April 1971, increases in other residence school training can be attributed in large measure to higher levels of benefits. In fact, without a benefit increase the number of other residence school trainees appears to decline for the most part. The last large increase in other residence school training occurred between November 1974 and April 1975 (an increase of 25.1 percent). This evidently was stimulated by the benefit increase of December 1974 and to a lesser extent by a high level of unemployment. In the past year there has been no increase in the level of benefits and again the number in training in other residence schools has dropped. From April 1975 to November 1975 the number of trainees in other residence school training dropped slightly (1.3 percent) and from November 1975 through April 1976 it dropped slightly again (1.9 percent). The reasons that the number of other residence school trainees has tended to decline include the following:

a. There have been fewer and fewer separations from the Armed Forces since fiscal year 1970. This means there are less newly separated veterans available to train in residence schools other than college in the period when training is most likely, a year or so after separation.

b. A number of people who might have taken training in residence schools other than college have elected to train instead in increasingly available low tuition junior and community colleges. Vocational and technical training in these schools in many instances is an alternative for training in residence schools other than college.

7. The percentages (or participation rates) of veterans who have trained from each fiscal year's separations from the Armed Forces are shown in chart 5. The entire length of each bar indicates the percentages of separatees discharged during the given fiscal year who had trained through April 1976, and the end (unshaded) segment of each bar the percentage of these separatees who entered training in the 12-month period from April 1975 through April 1976. Two key points are illustrated in this chart.

a. There is a tendency for those who take training to enter training shortly after separation from the Armed Forces. This is illustrated in chart 5 by the fact that the growth in the percentages who had trained during the 12-month period from April 1975 to April 1976 is generally greater for those separated in the more recent fiscal years.

b. Separatees discharged in more recent fiscal years have had a greater tendency to take training than separatees discharged in earlier fiscal years. This is illustrated by the fact that, starting with the earliest separatees, the percentage of each fiscal year's separatees who had trained through April 1976 was larger for each successive fiscal year through 1970. Separatees of fiscal years 1971 through 1976 do not yet reflect the pattern of higher percentage participation for each succeeding fiscal year because as of April 30, 1976 there had been insufficient time since separation for a large enough number of potential trainees among these separatees to have entered training. It is probable that the percentage of participation for fiscal years 1971 through 1976 will eventually accede to the ascending pattern of those separated through fiscal year 1970. Greater participation by more recent separatees may be attributed to several factors including the following:

(1) Increased benefits available in more recent years have made GI bill training more attractive to all trainees, but particularly to those recently separated who are most likely to enter training. These persons are less likely to be encumbered by family and occupational responsibilities and more able to take advantage of the GI bill under the later more liberal benefit levels.

(2) Recent separatees have attained relatively higher levels of prior education, which makes them more likely to resume training following separation.

(3) A greater amount of training assistance information has been provided through the outreach program to veterans during the time shortly after separation when they are most likely to enter training.

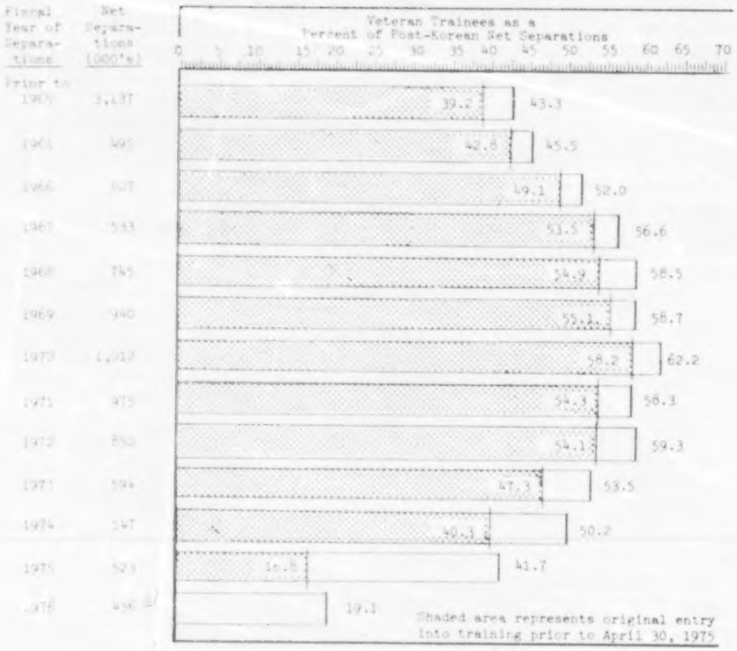
(4) Recent high levels of unemployment have made GI bill training attractive to a number of veterans. Again the veterans most likely to be affected are the newly separated (mostly young) veterans since they are the most likely to be unemployed.

8. Completion Rate Study: The VA recently has conducted a survey of Vietnam era veterans who had terminated training as of June 1972. The purpose of the survey was to provide some preliminary results on how much the GI bill was aiding Vietnam era veterans who entered training. It did this by asking questions in several areas including completion of training, earnings and skill usage.

Chart 5

CHAPTER 34
ENTRY INTO TRAINING OF POST-KOREAN VETERANS [1/] BY FISCAL YEAR OF SEPARATION

(Entries June 1966 through April 1976)



[1/] Excludes 701,559 service personnel.

[2/] Projected end of fiscal year separations.

1. Completion Rates: One of the primary purposes of this study was to determine a rate of completion for Vietnam era veterans who entered into training under the GI bill. The completion rates which were derived from this study are considered to be "transitory" rates because they will change overtime. Persons who at this point in time have terminated but not completed may resume and complete their training. Among the various findings for those who first entered into training during fiscal year 1968 was that completion rates are considerably higher for full time than they are for part-time training. This is to be expected because many part-time trainees who will complete have not had enough time to finish training. Of the four major types of training, on-job training had by far the highest completion rates (87.7 percent full time and 76.4 percent part time). This was followed by college (completion rates 68.3 percent full time, 31.8 percent part time) and other residence school training (completion rates 66.5 percent full time, 56.5 percent part time). Correspondence training, which is considered to be all part-time training, had by far the lowest completion rates of any type of training (25.6 percent). 1/ College part-time training had a notably low completion rate. However, because college takes such a long time to complete for part-time trainees, this percentage is expected to rise considerably (see appendix B, table 26). 2/

2. Skill Usage Rates: Another measure of the Completion Rate Study was the "skill usage rate" for Vietnam era veterans who terminated training prior to June 1972. As might be expected, skill usage among trainees who completed training greatly exceeds the skill usage rate of those who did not complete (83.1 percent completed and 39.8 percent noncompleted). Among those who completed the skill usage rate is higher among full-time trainees, but, among trainees who did not complete the skill usage rate was higher among part-time trainees (at least in the two types of training for which there is a breakout, college and other residence schools). This probably occurs because many part-time trainees are already employed in an occupation where the skill is used prior to or during training. Among the major types of training, the skill usage rate is highest for on-job training (95.0 percent for the completed and 50.5 percent for the noncompleted). This is followed by college (skill usage rates 89.0 percent completed and 44.9 percent noncompleted) and other residence schools (skill usage rates -73.4 percent completed and 30.8 percent noncompleted). The least percentage of skill usage occurs among correspondence trainees (60.4 percent completed and 29.8 percent noncompleted). Tabular data on skill usage by type of training is found in appendix B, table 27.

3. Median Earnings: Median yearly earnings for surveyed Vietnam era veterans who completed training were $1,217 ahead of median yearly earnings for those who did not complete at the time of the survey in the first half of fiscal year 1974 ($10,813 completed and $9,596 noncompleted). The highest median earnings for completed trainees were found among those who took college training and among on-job trainees. In addition, these groups also had the greatest earnings differentials (completed over noncompleted). It is this latter measure which is perhaps the most reflective measure of the financial value of the training received. Table 20 below shows the earnings differentials for the major types of training taken by Vietnam era veterans while appendix B, table 28 has median earnings (completed and noncompleted) for these groups (college and other residence schools broken out by full time and part time)).

1/ A more complete set of data from December 1974 (encompassing all fiscal years of separation) shows a completion rate for correspondence of 41.2 percent.

2/ These data based on persons who entered training during fiscal year 1968 are representative of the findings of the study. The complete findings of the study have been published under the title - Completion Rates for Education and Training Under the Vietnam Era GI Bill. A limited number of copies are available by contacting Reports and Statistics Service (04/A1).

Table 20

EARNINGS DIFFERENTIALS (COMPLETED MINUS NONCOMPLETED)
BY TYPE OF TRAINING FOR VIETNAM ERA VETERANS
WHO TERMINATED TRAINING PRIOR TO JUNE 1972

Type of Training	Differential
TOTAL	$ 1,217
College	
Full time	2,423
Part time	1,910
Other residence schools	
Full time	799
Part time	673
On-job training	2,116
Correspondence	410

O. On-Job Training

1. Beneficial Effects: In some ways, on-job training is the most attractive type of training available under the GI bill. A recent survey 1/ of Vietnam era veterans who had terminated training by June 1972 showed that on-job trainees had the highest completion rate and the highest skill usage rate for veterans in any of the major types of training. In addition, veterans who completed on-job training, along with veterans who completed college training, had higher median earnings than veterans who completed other types of training (see appendix B, tables 26, 27 and 28).

2. The On-Job Outreach Program: Unlike school training, on-job training opportunities are not readily accessable to all eligible veterans. Each on-job training opportunity, or "slot," must be individually developed and usually does not become available to a new trainee when the incumbent trainee completes the program. This is because most on-job training is given in small establishments which can accomodate only one or two trainees, and usually the trainee retains his or her job upon completion of training. Thus, in order to continually provide opportunities for on-job training it is necessary to constantly develop new on-job training slots. Because on-job training has proved so beneficial to veterans who have used it, the VA has made some special efforts to see that on-job training slots become available to veterans who want them. Under the "On-Job Outreach" program (initiated in late 1971), VA representatives contact potential employers to get them to consider creating GI bill on-job training positions in which veterans can train. Resulting job training slots are then made available to qualified veterans who contact the VA or the employers. This program has been shown to be positively correlated with the number of on-job training entries.

3. Other Factors Determining Entries Into On-Job Training: Other factors effecting entry into on-job training include the number of veterans eligible to train, the number of recent separatees and the benefit level. However, nothing has affected the availability of on-job training as much as the availability of jobs in the economy generally. Thus, when the economy was doing fairly well in 1973 and early 1974 and the unemployment rate was relatively low, a large number of veterans were able to take advantage of the on-job training opportunities brought about by the need for trained employees. However, after this period the economy became depressed and unemployment rose. Concomitantly, the number of on-job training slots decreased and the number of veterans taking on-job training began a decline, a trend which is still continuing. Table 21 shows the negative relationship between the unemployment rate and the number of on-job training entries.

1/ See section IIIN "Completion Rate Study."

Table 21

ON-JOB TRAINING ENTRIES AND UNEMPLOYMENT FOR CALENDAR YEARS 1971 - 1975

Calendar Year	On-Job Training Entries	Unemployment Rate *	VA Manhours Used For On-Job Outreach
1975	35,559	8.5%	43,682
1974	65,562	5.6	50,362
1973	87,330	4.9	140,347
1972	69,890	5.6	319,753
1971	61,363	5.9	84,593

* From the Economic Report of the President, February 1976, page 199.

4. The Combined Effects of Recent Changes in Unemployment and On-Job Outreach Efforts: Table 21 also shows that the number of VA on-job Outreach man-hours has fallen since 1972. This factor has contributed to the decline in on-job training entries along with higher rates of unemployment. However, it should be noted that when potential job training opportunities become fewer and farther between as a result of the depressed state of the economy, there is a smaller number of on-job training slots which can be secured with a given number of Outreach man-hours. See section IIID5 for an analysis of the number of veterans in on-job training over the tenure of the GI bill.

IV. THREE GI BILLS -- COMPARISONS

A. Total Number Trained, Level of Training and Cost

1. From June 1944 through April 1976, 16.6 million persons trained under one of the three GI bills. This includes 7.8 million under the World War II GI bill, nearly 2.4 million under the Korean conflict GI bill, and more than 6.4 million trainees under the current GI bill. Education costs of the three GI bills through April 1976 total $38.7 billion. Of this cost $14.5 billion is attributable to the World War II GI bill, $4.5 billion to the Korean conflict GI bill, and $19.7 billion to the current GI bill (see appendix B, table 29).

2. For the three GI bills combined, more persons have trained in college than in any other type of training. This is followed very closely by non-college school training (including correspondence but not farm training). As of the end of April 1976, 7,045,000 persons had trained in colleges or universities, compared with 6,663,000 who had trained in other school training (see appendix B, table 29). College level training has attracted the largest number of trainees under both the current GI bill and the Korean conflict GI bill while other school training was most prevalent under the World War II GI bill. A total of 2.1 million on-job trainees and 827,000 farm trainees account for the remainder of trainees under the three GI bills.

B. Comparison of Vietnam Era Participation Rate with Earlier Participation Rates: April 1976 was the 119th month since the current GI bill became effective. As of the end of April 1976, a total of 5,052,684 Vietnam era veterans and service personnel had taken training under the current GI bill. As of this same date the Vietnam era veteran population had reached 8,008,000. The above number of trainees as a percentage of the population gives a Vietnam era participation rate of 63.1 percent. When persons who last trained while on active duty are excluded, the rate is 54.3 percent. (It is likely that most of these active duty trainees are now veterans in civilian life; therefore, they usually are combined with veteran trainees for purposes of computing participation rates. However, a strict comparison with previous programs would dictate that only veteran participation should be used since only veterans were eligible to participate in these programs.) Either of these participation rates is greater than the final participation rate of 50.5 percent for the World War II GI bill and the final participation rate of 43.4 percent for the Korean conflict GI bill (see appendix B, table 30).

C. College Training Under the Three GI Bills

1. Participation in college level training is greater under the current GI bill than under either the World War II or the Korean conflict programs. College participation for World War II veterans was 14.4 percent, for Korean conflict veterans it was 22.0 percent, and for all post-Korean conflict veterans and service personnel, it was 32.5 percent through April 1976 (30.4 percent for college participation by veterans only). The subgroup Vietnam era veterans and service personnel have participated in college level training to a greater extent than any prior group of veterans. They have a college participation rate of 35.8 percent (32.9 percent for college participation by veterans only).

2. Table 22 below gives the percentages of college trainees among the trainees of each GI bill as well as the percentages of college trainees among the subgroups of trainees under the current GI bill. This table shows that college training has not only grown in participation (as shown in paragraph 1), but also has grown in relationship to other parts of GI bill training with each successive GI bill. Under the current GI bill, Vietnam era veterans show the largest percentage of college trainees among those who had trained (more than double the percentage of World War II GI bill trainees who trained in college). Service personnel show the smallest percentage of college training under the current GI bill. This is due to the high proportion of service personnel who take high school training and vocational training through correspondence courses.

Table 22

PERCENTAGE OF TRAINEES WHO TRAINED IN COLLEGE

		Current GI Bill (Through April 1976)			
World War II Veterans	Korean Conflict Veterans	Total	Peacetime Post-Korean Veterans	Vietnam Era Veterans	Service Personnel
28.6%	50.7%	55.9%	53.0%	60.6%	32.9%

3. The higher percentage of trainees in college under the two more recent programs has been due to several factors; some are:

a. A higher level of previous education for potential trainees.

b. Greater educational expectations from trainees on the part of prospective employers.

c. The expansion of higher education opportunities to a greater part of the populace.

d. The expansion of higher education to include vocational and technical training not previously offered by colleges for academic credit.

D. Prior Educational Attainment

1. Table 23 shows that through April 1976, a greater proportion of trainees under the current GI bill had graduated from high school or passed the GED (General Educational Development) test prior to entering training than had GI bill trainees under either the World War II program or the Korean conflict program. The percentage of trainees who had one or more years of college prior to GI bill training is higher for the current program than the percentage was under the World War II program; however, the percentage is lower than it was under the Korean conflict program (see appendix B, table 31).

Table 23

PERCENTAGE OF TRAINEES WHOSE PRIOR EDUCATIONAL LEVEL WAS HIGH SCHOOL OR MORE

(Three GI Bills)

	High School Graduate or Above	One or More Years College
World War II GI bill	54.8%	16.3%
Korean conflict GI bill	71.0	26.5
Post-Korean GI bill through April 1976	86.5	19.5
(Peacetime post-Korean veterans)	(84.5)	(21.6)
(Vietnam era veterans)	(89.5)	(18.8)
(Service personnel)	(71.2)	(20.0)

2. Although Vietnam era veterans have had the largest percentage of trainees who had completed high school (or passed the GED test) prior to training under the current GI bill, peacetime post-Korean veteran trainees had a larger percentage who had completed one or more years of college. This reflects the fact that many peacetime post-Korean veterans upgraded their education by going to college before the current GI bill became effective. As a result, a larger percentage of this group entered training under the current GI bill with a year or more of college (self-financed) than would have if they had been eligible for such training at the time they were discharged from the Armed Forces.

3. Although there continues to be a much larger percentage of high school graduates among those who have trained under the current GI bill than under earlier GI bills, the percentage of post-Korean GI bill trainees who were high school graduates before entering training has dropped. As of April 30, 1973, 89.9 percent of all current GI bill trainees had graduated from high school, but as of April 30, 1976, this had dropped to 86.5 percent. The recent surge in participation by the educationally disadvantaged accounts for this change.

Table 24

GROWTH IN NUMBER OF PERSONS EVER TRAINED BY PRIOR EDUCATIONAL ATTAINMENT

Educational Attainment at Time of Application	Through April 1973	Through April 1976	Percentage Growth April 1973/ April 1976
Less than high school	402,660	871,887	116.5%
High school only	2,691,850	4,306,847	60.0
One or more years college	876,707	1,258,423	43.5

V. DEPENDENTS EDUCATIONAL ASSISTANCE - CHAPTER 35

A. In Training: At the end of April 1976 there were 66,662 persons in training under the Dependents Educational Assistance program. Sons and daughters comprised 81.9 percent of the total while spouses and widows(ers) made up the remaining 18.1 percent. Ninety-one percent of all chapter 35 trainees in training at the end of April 1976 were enrolled in college. Of the sons and daughters in training, 93.4 percent were in college, and of spouses and widows(ers) in training 80.4 percent were in college (see appendix B, table 32). States with large numbers of chapter 35 trainees at the end of April included California with 8,702 trainees, or 13.1 percent of the total; Texas with 6,147 trainees, or 9.2 percent of the total; Florida with 4,533 trainees, or 6.8 percent of the total, and New York with 3,339 trainees, or 5.0 percent of the total (see table 1 and appendix B, table 15).

B. Trends In Training: Training under chapter 35 has generally increased over time. However, between November 1975 and April 1976 there was a downturn in the number of trainees for the first time in over 3 years. Chart 6 shows the total number in training under chapter 35 for the peak April and November enrollments starting in November 1966. Also shown are the number of sons and daughters and spouses and widows(ers) in training at these peak enrollment periods. Training for spouses and widows(ers) was not initiated until December 1968 under Public Law 90-631. As with training under the GI bill, the number in training under chapter 35 has risen most dramatically when benefits have increased.

C. Training Time: Of all persons in training under chapter 35 at the end of April 1976, 84.9 percent were training full time. Among sons and daughters, 89.1 percent were in full-time training (89.0 percent at the college level) while among spouses and widows(ers) 65.8 percent were training full time (63.5 percent at the college level).

VI. VOCATIONAL REHABILITATION AND EDUCATION (VR&E) - CHAPTER 31

A. General: At the end of April 1976 there were a total of 17,834 disabled veterans in training under chapter 31 entitlement. In contrast to chapter 34 training this represents a sizeable increase since November 1975 when there were 15,354 disabled veteran trainees - an increase of 16.2 percent. While this is by no means a record high for the end of the month number of persons in training, it does indicate a reversal in a downward trend which had been observable prior to the passage of Public Law 93-508 which increased the allowances (as did the subsequent Public Law 93-602) and made the less-than-30 percent disabled eligible for vocational rehabilitation on the basis of the same criteria as veterans with disability rated 30 percent or more, covered by Public Law 87-815 (see appendix B, table 33).

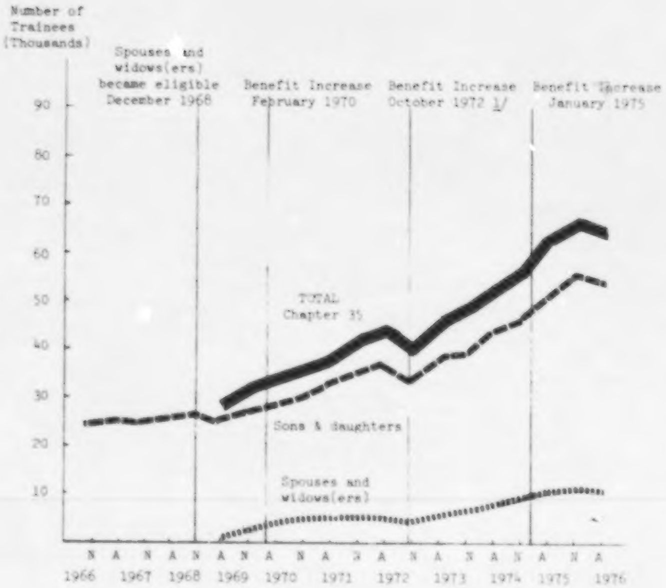
B. Characteristics of Chapter 31 Trainees: In appendix B, table 34, we can observe several characteristics of disabled veterans who train under chapter 31. As with training under chapters 34 and 35, college level training made up the greatest percentage of chapter 31 training with approximately 76.2 percent of all trainees. Other residence school training accounted for 16.6 percent, farm 0.6 percent, on-job training 3.1 percent and the balance of those in training - those records for which the type of training is not known - is 3.5 percent.[1] Full-time training accounts for approximately 80.4 percent of all trainees with full-time college level trainees at the same percentage. About 73.5 percent of trainees were receiving additional benefits for one or more dependents.

---

[1] The statistical records for this chapter were converted from a decentralized punched card system to a centralized magnetic tape system in the Spring of 1975. A process to update these records and fill in missing data is now under way.

Chart 6

PERSONS IN TRAINING UNDER CHAPTER 35



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[1] New benefits were included along with the benefit increases. These include on-job training, lump-sum payment for less than half-time school training and tutorial assistance when needed. Correspondence school training and free entitlement for secondary school training available to spouses and widows(ers) only.

1. About 13.2 percent of all chapter 31 trainees had not completed high school at the time they first applied for educational benefits under this program. The percentage of chapter 34 persons in training who had not completed high school was slightly less at 10.5 percent. However, at the other end of the scale only 18.1 percent of chapter 34 persons in training had one or more years of college at first application for chapter 34 benefits compared with 34.9 percent (at first application for chapter 31 benefits) for chapter 31 trainees.

2. Another interesting comparison with chapter 34 trainees is in the percentage attending public institutions. Approximately 66.8 percent of all trainees and 81.9 percent of college level trainees under chapter 34 are in public facilities. For chapter 31 trainees the percentages are considerably different where 58.6 percent of all trainees and 67.3 percent of college level trainees are in public schools. Even in the junior colleges the difference is notable with 90.1 percent of chapter 34 and 85.1 percent of chapter 31 trainees in 2 year public facilities. (The cost of tuition is paid by the Veterans Administration directly to the school for trainees under chapter 31, whereas chapter 34 trainees pay their own tuition, using funds from their educational assistance allowance, this probably is the greatest reason for higher usage of private schools by chapter 31 trainees.)

C. Type of Disability: Almost half (43.6 percent) of all veterans in training under chapter 31 have an orthopedic problem as their major disability. Psychoses makes up the next greatest (8.8 percent) followed by neurological and cardiovascular disabilities with 8.2 percent each. Of those with psychoses as the primary diagnosis, 71.6 percent are training in college. This is slightly larger for neurological disorders where 77.8 percent are in college and for cardiovascular disorders where 73.8 percent are in college (see appendix B, table 35).

D. Training by State Location of Facility: Appendix B, tables 35 and 36 show the distribution of training by state on the basis of the state in which the facility providing the training is located. Of particular interest is that California does not have the greatest number of trainees, instead Texas does.

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Appendix A

BENEFITS UNDER CURRENT PROGRAMS

A. The current GI bill (Public Law 89-358) became effective June 1, 1966. It was enacted by the Congress to provide educational or vocational opportunities to veterans whose ambitions may have been impeded by service in the Armed Forces after January 31, 1955. Also, these opportunities were made available to service personnel on active duty who had completed 2 or more years of service (later reduced to 181 days). Persons who complete 18 or more months of active duty in the Armed Forces are eligible for up to 36 months of full-time schooling or on-job training. In addition, Public Law 93-508 provides for "an additional number of months, not exceeding nine, as may be utilized in pursuit of a program of education leading to a standard undergraduate college degree."

B. The Vocational Rehabilitation program (ch. 31) is for veterans who are in need of vocational rehabilitation to overcome a handicap resulting from service-connected or aggravated disability. They may receive up to 48 months of education or training to restore their employability, "unless a longer period is prescribed by the (VA) Administrator." The full cost of their training is paid by the Veterans Administration and, in addition, they receive a subsistence allowance while in training and for 2 months after rehabilitation. These disabled veterans are provided counseling assistance in selecting a suitable objective and planning a program of rehabilitation training. While in training they are provided continuing help by vocational rehabilitation specialists. Necessary employment assistance is provided following completion of training.

C. The third educational program serves survivors or dependents of those veterans who died from service-connected causes or whose service-connected disability is rated permanent and total. Spouses and children of service personnel who are missing in action or interned by a hostile foreign government for more than 90 days, are also eligible under this program. Up to 36 months of full-time training is provided in approved schools and on-job training programs.

Appendix A

CHAPTER 34

CHRONOLOGY OF EDUCATIONAL ASSISTANCE RATES

Law and Type of Course	Single Veteran	Veteran and 1 Dependent	Veteran and 2 Dependents	Additional Dependents
Public Law 89-358, June 1, 1966				
Full-Time Institutional	$ 100	$ 125	$ 150	--
Public Law 90-77, October 1967				
Full-Time Institutional	130	155	175	$ 10
Full-Time Cooperative Farm	105	125	145	7
Full-Time On-Job Training	80	90	100	--
Public Law 91-219, February 1, 1970				
Full-Time Institutional	175	205	230	13
Full-Time Cooperative Farm	141	165	190	10
Full-Time On-Job Training	108	120	133	--
Public Law 92-540, October 1, 1972				
Full-Time Institutional	220	261	298	18
Full-Time Cooperative Farm	177	208	236	14
Full-Time On-Job Training	160	179	196	8
Public Law 93-508, December 3, 1974 Retroactive to September 1, 1974				
Full-Time Institutional	270	321	366	22
Full-Time Cooperative Farm	217	255	289	17
Full-Time On-Job Training	189	212	232	9
Public Law 93-602, January 1, 1975				
Full-Time On-Job Training	196	220	240	10

Appendix A

Flight Training - 90 percent of established charges. One month eligibility for each $130 to January 31, 1970; 1 month for each $175 from February 1, 1970; 1 month for each $220 from September 1, 1972; 1 month for each $260 from September 1, 1974; 1 month for each $270 from January 1, 1975.

Correspondence Training - 100 percent of established charges for contracts made prior to January 1, 1973; 90 percent for contracts made on or after January 1, 1973. For contracts made before January 1, 1973; 1 month eligibility for each $100 to September 30, 1967; 1 month for each $130 to January 31, 1970; 1 month for each $175 from February 1, 1970. For contracts made on or after January 1, 1973; 1 month eligibility for each $220 to August 31, 1974; 1 month for each $260 from September 1, 1974; 1 month for each $270 from January 1, 1975.

Three-quarter and Half-time Training rates proportional to full time. Tuition and fees paid on less than half-time training; 1 month eligibility for each $100 to September 30, 1967; 1 month for each $130 to January 31, 1970; 1 month for each $175 to August 31, 1972; 1 month for each $220 to August 31, 1974; 1 month for each $260 to December 31, 1974; 1 month for each $270 from January 1, 1975.

On-Job Training - Rates reduced after each 6-month period of training, through the 18th month; no further reductions.

Service Personnel - Same as veterans for correspondence or flight training; cost of tuition and fees for other types of training not to exceed amounts payable to veterans for comparable training.

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CHAPTER 34

Appendix B, Table 1

Detailed In Training Comparisons - April 1976 with April 1975

	April 1976	April 1975 1/	Change Number	Change Percent
GRAND TOTAL - All Levels	1,768,180	1,792,187	- 24,007	- 1.3
College level - Total	1,278,638	1,195,512	83,126	7.0
Graduate	116,072	124,222	- 8,150	- 6.6
Undergraduate	1,155,105	1,062,953	92,152	8.7
Non degree	7,461	8,337	- 876	- 10.5
Other residence schools - Total	194,682	201,181	- 6,499	- 3.2
Vocational/technical	115,316	122,090	- 6,774	- 5.5
High school	35,543	34,867	676	1.9
Flight training	21,600	24,904	- 3,304	- 13.3
Cooperative farm	22,223	19,320	2,903	15.0
Correspondence	219,068	280,552	- 61,484	- 21.9
On-job training - Total	75,792	114,942	- 39,150	- 34.1
Apprenticeship	41,043	60,475	- 19,432	- 32.1
Other	34,749	54,467	- 19,718	- 36.2
VETERANS - TOTAL - All Levels	1,688,856	1,697,979	- 9,123	- 0.5
College level - Total	1,258,889	1,174,084	84,805	7.2
Graduate	104,668	112,404	- 7,736	- 6.9
Undergraduate	1,147,193	1,054,180	93,013	8.8
Non degree	7,028	7,500	- 472	- 6.3
Other residence schools - Total	189,303	194,297	- 4,994	- 2.6
Vocational/technical	114,741	121,160	- 6,419	- 5.3
High school	33,534	32,154	1,380	4.3
Flight training	18,805	21,663	- 2,858	- 13.2
Cooperative farm	22,223	19,320	2,903	15.0
Correspondence	164,872	214,656	- 49,784	- 23.2
On-job training - Total	75,792	114,942	- 39,150	- 34.1
Apprenticeship	41,043	60,475	- 19,432	- 32.1
Other	34,749	54,467	- 19,718	- 36.2
VIETNAM ERA VETERANS - TOTAL - All Levels	1,352,121	1,373,384	- 21,263	- 1.5
College level - Total	1,015,264	958,515	56,749	5.9
Graduate	85,067	92,482	- 7,415	- 8.0
Undergraduate	924,239	859,707	64,532	7.5
Non degree	5,958	6,326	- 368	- 5.8
Other residence schools - Total	144,692	147,386	- 2,694	- 1.8
Vocational/technical	95,299	99,970	- 4,671	- 4.7
High school	24,313	23,444	869	3.7
Flight training	10,637	11,750	- 1,113	- 9.5
Cooperative farm	14,443	12,222	2,221	18.2
Correspondence	121,943	161,484	- 39,541	- 24.5
On-job training	70,222	105,999	- 35,777	- 33.8
Apprenticeship	38,153	56,175	- 18,022	- 32.1
Other	32,069	49,824	- 17,755	- 35.6
SERVICE PERSONNEL - TOTAL - All Levels	79,324	94,208	- 14,884	- 15.8
College level - Total	19,749	21,428	- 1,679	- 7.8
Graduate	11,404	11,818	- 414	- 3.5
Undergraduate	7,912	8,773	- 861	- 9.8
Non degree	433	837	- 404	- 48.3
Other residence schools - Total	5,379	6,884	- 1,505	- 21.9
Vocational/technical	575	930	- 355	- 38.2
High school	2,009	2,713	- 704	- 25.9
Flight training	2,795	3,241	- 446	- 13.8
Correspondence	54,196	65,896	- 11,700	- 17.8

1/ These data have been revised to separate correspondence training at all levels and to establish an unduplicated count of training by correspondence.

SERVICE PERSONNEL IN TRAINING AND CUMULATIVE EVER TRAINED - APRIL 1976

By Branch of Service and Sex of Trainee

	Current Trainees					Ever Trained 2/				
	Total	Percent	College 1/	Other Schools 1/	Corres-pondence 1/	Total	Percent	College 1/	Other Schools 1/	Corres-pondence 1/
GRAND TOTAL	79,324	100.0%	19,905	59,419	54,196	701,859	100.0%	231,115	470,744	239,428
Male	77,736	98.0	19,161	58,575	53,463	690,254	98.3	224,386	465,868	237,222
Female	1,588	2.0	744	844	733	11,605	1.7	6,729	4,876	2,206
Army	23,113	29.1	6,092	17,021	15,472	287,747	41.0	95,820	191,927	72,744
Male	22,514	28.4	5,829	16,685	15,158	283,068	40.3	92,959	190,109	71,890
Female	599	0.8	263	336	314	4,679	0.7	2,861	1,818	854
Navy	20,318	25.6	2,915	17,403	16,488	133,345	19.0	40,626	92,719	66,775
Male	20,013	25.2	2,785	17,228	16,328	131,363	18.7	39,598	91,765	66,251
Female	305	0.4	130	175	160	1,982	0.3	1,028	954	524
Marines	4,643	5.9	938	3,705	3,220	70,338	10.0	15,767	54,571	14,495
Male	4,601	5.8	925	3,676	3,196	69,958	10.0	15,566	54,392	14,391
Female	42	0.1	13	29	24	380	0.1	201	179	104
Coast Guard	1,230	1.6	182	1,048	999	6,224	0.9	1,463	4,761	3,929
Male	1,227	1.5	181	1,046	997	6,208	0.9	1,453	4,755	3,926
Female	3	0.0	1	2	2	16	0.0	10	6	3
Air Force	29,876	37.7	9,726	20,150	17,935	203,472	29.0	77,130	126,342	81,172
Male	29,247	36.9	9,398	19,849	17,703	199,107	28.4	74,592	124,515	80,518
Female	629	0.8	328	301	232	4,365	0.6	2,538	1,827	654
All Others	144	0.2	52	92	82	733	0.1	309	424	313
Male	134	0.2	43	91	81	550	0.1	218	332	246
Female	10	0.0	9	1	1	183	0.0	91	92	67

[1] The basic data for this table does not allow for detailing correspondence training by college and other schools, therefore, the "College" and "Other Schools" columns include correspondence training and the "Correspondence" column is an overcount.

[2] The number "Ever Trained" is understated to the extent that former service personnel trainees have reentered or continued training after becoming a veteran, thus losing their service personnel identity. (This understatement was estimated to be approximately 196,000 as of June 1975.)

NOTE: Percentages may not add to 100% due to rounding.

CHAPTER 34
ALL PERSONS IN TRAINING
Level of Training Showing Full Time and Part Time - April 1976

LEVEL OF TRAINING	TOTAL ALL TRAINEES				ALL VETERANS				PEACETIME POST-KOREAN VETERANS			
	Total	Full Time	Part Time	Correspondence	Total	Full Time	Part Time	Correspondence	Total	Full Time	Part Time	Correspondence
TOTAL - All Levels	1,768,180	964,722	584,390	219,068	1,688,856	956,853	567,131	164,872	336,735	169,161	124,645	42,929
College - Total	1,279,756	762,778	515,860	1,118	1,259,851	755,843	503,046	962	243,820	137,744	105,881	195
Graduate	116,225	62,448	53,624	153	104,804	58,883	45,785	136	19,636	9,130	10,471	35
Undergraduate	1,155,832	695,263	459,842	727	1,147,820	691,982	455,211	627	223,077	127,996	94,958	123
Non degree	7,699	5,067	2,394	238	7,227	4,978	2,050	199	1,103	618	448	37
Other schools - Total	412,632	126,152	68,530	217,950	353,213	125,218	64,085	163,910	87,345	25,847	18,764	42,734
Vocational or tech. post high school	56,485	22,004	8,716	25,765	49,907	21,978	8,631	19,298	9,767	3,310	1,758	4,699
Other vocational or technical	275,854	58,777	25,819	191,258	227,932	58,602	25,530	143,800	52,212	8,484	5,890	37,838
High school	36,470	23,797	11,746	927	34,346	23,064	10,470	812	9,418	6,497	2,724	197
Flight training	21,600	--	21,600	--	18,805	--	18,805	--	8,168	--	8,168	--
Cooperative farm	22,223	21,574	649	--	22,223	21,574	649	--	7,780	7,556	224	--
On-job training - Total	75,792	75,792	--	--	75,792	75,792	--	--	5,570	5,570	--	--
Apprentice	41,043	41,043	--	--	41,043	41,043	--	--	2,890	2,890	--	--
Other	34,749	34,749	--	--	34,749	34,749	--	--	2,680	2,680	--	--

CHAPTER 34
PERCENTAGE DISTRIBUTION OF ALL PERSONS IN TRAINING [1]
Level of Training Showing Full Time and Part Time - April 1976

LEVEL OF TRAINING	TOTAL ALL TRAINEES				ALL VETERANS				PEACETIME POST-KOREAN VETERANS			
	Total	Full Time	Part Time	Correspondence	Total	Full Time	Part Time	Correspondence	Total	Full Time	Part Time	Correspondence
TOTAL - All Levels	100.0%	54.6%	33.1%	12.4%	100.0%	56.7%	33.6%	9.8%	100.0%	50.2%	37.0%	12.7%
College - Total	72.4	43.1	29.2	0.1	74.6	44.8	29.8	0.1	72.4	40.9	31.4	0.1
Graduate	6.6	3.5	3.0	0.1	6.2	3.5	2.7	0.0	5.8	2.7	3.1	0.0
Undergraduate	67.4	39.3	26.0	0.0	68.0	41.0	27.0	0.0	66.2	38.0	28.2	0.0
Non degree	0.4	0.3	0.1	0.0	0.4	0.3	0.1	0.0	0.3	0.2	0.1	0.0
Other schools - Total	23.3	7.1	3.9	12.3	20.9	7.4	3.8	9.7	25.9	7.7	5.6	12.7
Vocational or tech. post high school	3.2	1.2	0.5	1.5	3.0	1.3	0.5	1.1	2.9	1.0	0.5	1.4
Other vocational or technical	15.6	3.3	1.5	10.8	13.5	3.5	1.5	8.5	15.5	2.5	1.8	11.2
High school	2.1	1.3	0.7	0.1	2.0	1.4	0.6	0.0	2.8	1.9	0.8	0.1
Flight training	1.2	--	1.2	--	1.1	--	1.1	--	2.4	--	2.4	--
Cooperative farm	1.3	1.2	--	--	1.3	1.3	0.0	--	2.3	2.2	0.1	--
On-job training	4.3	4.3	--	--	4.5	4.5	--	--	1.7	1.7	--	--
Apprentice	2.3	2.3	--	--	2.4	2.4	--	--	0.9	0.9	--	--
Other	2.0	2.0	--	--	2.1	2.1	--	--	0.8	0.8	--	--

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[1] Percentages may not add to 100% due to rounding.

CHAPTER 34

VIETNAM ERA VETERANS AND SERVICE PERSONNEL IN TRAINING

Level of Training Showing Full Time and Part Time - April 1976

LEVEL OF TRAINING	VIETNAM ERA VETERANS & SERVICE PERSONNEL				VIETNAM ERA VETERANS				SERVICE PERSONNEL			
	Total	Full Time	Part Time	Corres-pondence	Total	Full Time	Part Time	Corres-pondence	Total	Full Time	Part Time	Corres-pondence
TOTAL - All Levels	1,431,445	795,561	459,745	176,139	1,352,121	787,692	442,486	121,943	79,324	7,869	17,259	54,196
College - Total	1,035,936	625,034	409,979	923	1,016,031	618,099	397,165	767	19,905	6,935	12,814	156
Graduate	96,589	53,318	43,153	118	85,168	49,753	35,314	101	11,421	3,565	7,839	17
Undergraduate	932,755	567,267	364,884	604	924,743	563,986	360,253	504	8,012	3,281	4,631	100
Non degree	6,596	4,449	1,946	201	6,124	4,360	1,602	162	472	89	344	39
Other schools - Total	325,287	100,305	49,766	175,216	265,868	99,371	45,321	121,176	59,419	934	4,445	54,040
Vocational or tech. post high school	46,718	18,694	6,958	21,066	40,140	18,668	6,873	14,599	6,578	26	85	6,467
Other vocational or technical	223,642	50,293	19,929	153,420	175,720	50,118	19,640	105,962	47,922	175	289	47,458
High school	27,052	17,300	9,022	730	24,928	16,567	7,746	615	2,124	733	1,276	115
Flight training	13,432	--	13,432	--	10,637	--	10,637	--	2,795	--	2,795	--
Cooperative farm	14,443	14,018	425	--	14,443	14,018	425	--	--	--	--	--
On-job training	70,222	70,222	--	--	70,222	70,222	--	--	--	--	--	--
Apprentice	38,153	38,153	--	--	38,153	38,153	--	--	--	--	--	--
Other	32,069	32,069	--	--	32,069	32,069	--	--	--	--	--	--

CHAPTER 34

PERCENTAGE DISTRIBUTION OF VIETNAM ERA VETERANS AND SERVICE PERSONNEL IN TRAINING [1]

Level of Training Showing Full Time and Part Time - April 1976

LEVEL OF TRAINING	VIETNAM ERA VETERANS & SERVICE PERSONNEL				VIETNAM ERA VETERANS				SERVICE PERSONNEL			
	Total	Full Time	Part Time	Corres- pondence	Total	Full Time	Part Time	Corres- pondence	Total	Full Time	Part Time	Corres- pondence
TOTAL - All Levels	100.0%	55.6%	32.1%	12.3%	100.0%	58.0%	32.7%	9.3%	100.0%	9.9%	21.8%	68.3%
College - Total	72.4	43.7	28.8	0.1	75.1	45.7	29.4	0.1	25.1	8.7	16.2	0.2
Graduate	6.7	3.7	3.0	0.0	6.3	3.7	2.6	0.0	14.4	4.5	9.9	0.0
Undergraduate	65.2	39.6	25.5	0.0	68.4	41.7	26.6	0.0	10.1	4.1	5.8	0.1
Non degree	0.5	0.3	0.1	0.0	0.5	0.3	0.2	0.0	0.6	0.1	0.4	0.0
Other schools - Total	22.7	7.0	3.5	12.2	19.7	7.3	3.4	9.0	74.9	1.2	5.6	68.1
Vocational or tech. post high school	3.3	1.3	0.5	1.5	3.0	1.4	0.5	1.1	8.3	0.0	0.1	8.2
Other vocational or technical	15.6	3.5	1.4	10.7	13.0	3.7	1.5	7.8	60.4	0.2	0.4	59.8
High school	1.9	1.2	0.6	0.1	1.8	1.2	0.6	0.0	2.7	0.9	1.6	0.1
Flight training	0.9	--	0.9	--	0.8	--	0.8	--	3.5	--	3.5	--
Cooperative farm	1.0	1.0	0.0	--	1.1	1.0	0.0	--	--	--	--	--
On-job training	4.9	4.9	--	--	5.2	5.2	--	--	--	--	--	--
Apprentice	2.7	2.7	--	--	2.8	2.8	--	--	--	--	--	--
Other	2.2	2.2	--	--	2.4	2.4	--	--	--	--	--	--

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[1] Percentages may not add to 100% due to rounding.

1/ DVB IB 70-76-4
Appendix B, Table 6

CHAPTER 34

ALL PERSONS EVER TRAINED

Level of Training Showing Full Time and Part Time - April 1976

LEVEL OF TRAINING	TOTAL ALL TRAINEES				ALL VETERANS				PEACETIME POST-KOREAN VETERANS			
	Total	Full Time	Part Time	Correspondence	Total	Full Time	Part Time	Correspondence	Total	Full Time	Part Time	Correspondence
TOTAL - All Levels	6,437,157	3,160,110	2,118,826	1,158,221	5,735,298	2,998,815	1,817,690	918,793	1,384,473	548,214	512,471	323,788
College - Total	3,601,551	2,021,102	1,571,111	9,338	3,370,436	1,947,546	1,414,401	8,489	734,172	362,089	369,334	2,749
Graduate	547,134	310,946	235,077	1,111	476,064	287,791	187,256	1,017	143,783	75,570	67,945	268
Undergraduate	2,957,325	1,675,875	1,278,228	3,222	2,838,738	1,634,312	1,201,522	2,904	576,533	282,168	293,367	998
Non degree	97,092	34,281	57,806	5,005	55,634	25,443	25,623	4,568	13,856	4,351	8,022	1,483
Other schools - Total	2,365,501	668,903	547,715	1,148,883	1,894,757	581,164	403,289	910,304	588,983	124,807	143,137	321,039
Vocational or tech. post high school	387,202	138,189	83,315	165,698	338,813	136,757	80,169	121,887	95,603	26,572	24,919	44,112
Other vocational or technical	1,491,957	350,498	174,037	967,422	1,287,083	345,697	167,529	773,857	392,980	68,798	52,518	271,664
High school	314,289	138,948	159,578	15,763	115,050	57,442	43,048	14,560	28,111	12,210	10,638	5,263
Flight training	129,748	--	129,748	--	111,506	--	111,506	--	54,639	--	54,639	--
Cooperative farm	42,305	41,268	1,037	--	42,305	41,268	1,037	--	17,650	17,227	423	--
On-job training - Total	470,105	470,105	--	--	470,105	470,105	--	--	61,318	61,318	--	--
Apprentice	241,234	241,234	--	--	241,234	241,234	--	--	36,189	36,189	--	--
Other	228,871	228,871	--	--	228,871	228,871	--	--	25,129	25,129	--	--

CHAPTER 34

PERCENTAGE DISTRIBUTION OF ALL PERSONS EVER TRAINED [1]

Level of Training Showing Full Time and Part Time - April 1976

LEVEL OF TRAINING	TOTAL ALL TRAINEES				ALL VETERANS				PEACETIME POST-KOREAN VETERANS			
	Total	Full Time	Part Time	Corres-pondence	Total	Full Time	Part Time	Corres-pondence	Total	Full Time	Part Time	Corres-pondence
TOTAL - All Levels	100.0%	49.1%	32.9%	18.0%	100.0%	52.3%	31.7%	16.0%	100.0%	39.6%	37.0%	23.4%
College - Total	55.9	31.4	24.4	0.1	58.8	34.0	24.7	0.1	53.0	26.2	26.7	0.2
Graduate	8.5	4.8	3.7	0.0	8.3	5.0	3.3	0.0	10.4	5.5	4.9	0.0
Undergraduate	45.9	26.0	19.9	0.0	49.5	28.5	21.0	0.0	41.6	20.4	21.2	0.1
Non degree	1.5	0.5	0.9	0.1	1.0	0.4	0.4	0.1	1.0	0.3	0.6	0.1
Other schools - Total	36.7	10.4	8.5	17.8	33.0	10.1	7.0	15.9	42.5	9.0	10.3	23.2
Vocational or tech. post high school	6.0	2.1	1.3	2.6	5.9	2.4	1.4	2.1	6.9	1.9	1.8	3.2
Other vocational or technical	23.2	5.4	2.7	15.0	22.4	6.0	2.9	13.5	28.4	5.0	3.8	19.6
High school	4.9	2.2	2.5	0.2	2.0	1.0	0.8	0.3	2.0	0.9	0.8	0.4
Flight training	2.0	--	2.0	--	1.9	--	1.9	--	3.9	--	3.9	--
Cooperative farm	0.7	0.6	0.0	--	0.7	0.7	0.0	--	1.3	1.2	0.0	--
On-job training	7.3	7.3	--	--	8.2	8.2	--	--	4.4	4.4	--	--
Apprentice	3.7	3.7	--	--	4.2	4.2	--	--	2.6	2.6	--	--
Other	3.6	3.6	--	--	4.0	4.0	--	--	1.8	1.8	--	--

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[1] Percentages may not add to 100% due to rounding.

CHAPTER 34

VIETNAM ERA VETERANS AND SERVICE PERSONNEL EVER TRAINED

Level of Training Showing Full Time and Part Time – April 1976

LEVEL OF TRAINING	VIETNAM ERA VETERANS & SERVICE PERSONNEL				VIETNAM ERA VETERANS				SERVICE PERSONNEL			
	Total	Full Time	Part Time	Corres-pondence	Total	Full Time	Part Time	Corres-pondence	Total	Full Time	Part Time	Corres-pondence
TOTAL - All Levels	5,052,494	2,611,596	1,606,351	834,613	4,350,825	2,456,632	1,305,229	595,005	[illegible]	155,295	301,128	239,608
College - Total	2,867,378	1,559,011	1,301,777	5,590	2,546,264	1,388,457	1,240,067	5,740	321,117	73,???	246,716	546
Graduate	405,102	255,379	147,130	843	337,281	212,052	124,331	749	73,270	21,157	47,860	94
Undergraduate	2,380,742	1,893,207	484,641	3,204	2,262,276	1,852,144	408,117	1,808	118,567	42,063	76,796	315
Non degree	84,236	29,930	49,704	4,592	41,775	20,980	17,802	3,080	42,458	8,948	32,143	407
Other schools - Total	1,776,518	544,096	404,578	827,844	1,305,774	456,357	282,150	566,261	470,744	87,739	144,426	238,578
Vocational or tech. post high school	291,099	111,617	58,396	121,586	243,015	110,187	55,050	77,778	48,084	1,430	3,146	43,811
Other vocational or technical	1,098,977	281,705	121,515	695,758	844,133	276,809	115,011	520,193	254,854	4,896	6,505	243,565
High school	286,178	126,738	147,940	10,500	86,939	40,270	32,410	14,297	199,239	81,388	116,536	1,203
Flight training	75,109	--	75,109	--	56,867	--	56,867	--	18,242	--	18,242	--
Cooperative farm	24,655	24,041	614	--	24,655	24,041	614	--	--	--	--	--
On-job training - Total	408,787	408,787	--	--	408,787	408,787	--	--	--	--	--	--
Apprentice	205,045	205,045	--	--	205,045	205,045	--	--	--	--	--	--
Other	203,742	203,742	--	--	203,742	203,74	--	--	--	--	--	--

April 1976

Appendix 3, Table 9

CHAPTER 14

PERCENTAGE DISTRIBUTION OF VIETNAM ERA VETERANS AND SERVICE PERSONNEL EVER TRAINED [1]

Level of Training Showing Full Time and Part Time - April 1976

LEVEL OF TRAINING	VIETNAM ERA VETERANS & SERVICE PERSONNEL				VIETNAM ERA VETERANS				SERVICE PERSONNEL			
	Total	Full Time	Part Time	Corres-pondence	Total	Full Time	Part Time	Corres-pondence	Total	Full Time	Part Time	Corres-pondence
TOTAL - All Levels	100.0%	51.7%	31.8%	16.1%	100.0%	66.3%	20.0%	13.7%	100.0%	23.0%	42.9%	34.1%
College - Total	52.7	32.8	19.8	0.1	60.6	36.4	24.0	0.1	32.9	10.5	22.1	0.1
Graduate	8.0	4.7	3.3	0.0	7.6	4.9	2.7	0.0	10.1	3.3	6.8	0.0
Undergraduate	47.1	27.9	19.1	0.0	52.0	31.1	20.9	0.0	16.9	5.9	10.9	0.0
Non degree	2.6	0.6	1.9	0.1	1.0	0.5	0.4	0.1	5.9	1.3	4.6	0.1
Other schools - Total	39.2	12.8	8.0	18.4	30.0	10.5	6.2	13.3	67.1	12.5	20.4	34.2
Vocational or tech. post high school	7.8	2.9	2.6	2.4	5.5	2.7	1.3	1.5	6.9	0.3	0.4	6.2
Other vocational or technical	22.8	3.6	3.4	15.8	20.6	6.4	2.5	11.7	29.2	0.7	0.9	27.6
High school	5.7	0.5	2.9	2.3	2.0	1.0	0.7	0.2	28.4	11.6	16.6	0.2
Flight training	1.5	--	1.5	--	1.5	--	1.5	--	2.6	--	2.6	--
Cooperative farm	0.5	0.5	0.0	--	0.6	0.3	0.3	--	--	--	--	--
On-job training	8.1	8.1	--	--	9.4	9.4	--	--	--	--	--	--
Apprentice	4.1	4.1	--	--	4.7	4.7	--	--	--	--	--	--
Other	4.0	4.0	--	--	4.7	4.7	--	--	--	--	--	--

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[1] Percentages may not add to 100% due to rounding.

DVB IB 70-76-5
Appendix B, Table 10

CHAPTER 34

PERCENT OF TRAINEES IN TRAINING FULL TIME BY LEVEL OF TRAINING - APRIL 1976

Level of Training	Total	All Post-Korean Veterans	Vietnam Era Veterans	Peacetime Post-Korean Veterans	Service Personnel
TOTAL - All Levels	54.6%	56.7%	58.3%	50.2%	9.9%
College - Total	59.6	60.0	60.8	56.5	34.8
Graduate	53.7	56.2	58.4	46.5	31.2
Undergraduate	60.2	60.3	61.0	57.4	41.0
Non-Degree	65.7	68.9	71.2	56.0	18.9
Other Schools - Total	30.6	35.5	37.4	29.6	1.6
Vocational or technical post-high school	39.0	44.0	46.5	33.9	0.4
Other vocational or technical	21.3	25.7	28.5	16.2	0.4
High school	65.3	67.2	66.5	69.0	34.5
Flight	--	--	--	--	--
Cooperative farm	97.1	97.1	97.1	97.1	--
On-Job Training - Total	100.0	100.0	100.0	100.0	--
Apprentice	100.0	100.0	100.0	100.0	--
Other	100.0	100.0	100.0	100.0	--

CHAPTER 34

PERCENT OF TRAINEES IN PUBLIC INSTITUTIONS BY TYPE OF FACILITY AS OF APRIL 1976 AND 1975

Type of Facility	In Training April 1976	In Training April 1975	Cumulative Ever Trained Through April 1976
TOTAL	66.8%	62.9%	54.0%
Institutions of Higher Learning	81.9	82.9	79.0
University	69.2	70.3	66.7
Hospital	33.6	34.9	34.1
Teachers	99.3	99.3	98.9
Junior College	90.1	92.2	91.3
Correspondence [1]	0.3	0.2	0.3
Other Residence Schools	60.2	57.0	42.9
Technical	21.6	21.1	19.2
Business	0.1	0.2	0.2
Secondary/Elementary	97.4	97.9	88.6
Vocational/Trade	56.0	53.6	35.4
Individual Instruction	*	*	*
On-Job Training	11.6	10.1	10.8

[1] Correspondence includes both IHL and Other School training. However, IHL is less than 1 percent of the total.

* Not applicable.

CHAPTER 34

INDIVIDUALS IN TRAINING IN JUNIOR COLLEGES

Comparison of April 1976 with April 1975 and April 1974

	April 1976	April 1975	Percent Increase '75 to '76	April 1974	Percent Increase '74 to '75
TOTAL	729,553	637,817	14.4%	423,890	50.5%
Veterans	728,171	635,587	14.6	422,304	50.5
Vietnam era	567,626	501,158	13.3	336,167	49.1
Peacetime post-Korean	160,545	134,429	19.4	86,137	56.1
Service personnel	1,382	2,230	- 38.0	1,586	40.6

Appendix B, Table 14

CHAPTER 34
RESIDENCE AT TIME OF APPLICATION
Total In Training by Level of Training - April 1976

	Total	College	Other Residence Schools	On-Job Training	Farm	Correspondence
GRAND TOTAL	1,768,180	1,278,638	172,459	75,792	22,223	219,068
U.S. - State Total	1,757,670	1,270,807	170,301	75,707	22,220	218,635
Alabama	36,803	24,664	8,146	1,858	101	2,034
Alaska	2,601	1,501	414	199	6	481
Arizona	33,099	28,097	1,287	833	30	2,852
Arkansas	16,109	7,779	2,230	978	3,667	1,455
California	299,543	252,350	17,499	5,723	209	23,762
Colorado	31,218	23,489	2,301	990	45	4,393
Connecticut	19,321	13,570	1,305	1,399	7	3,040
Delaware	5,514	4,093	281	177	3	960
District of Columbia 1/	20,598	13,044	4,389	324	7	2,834
Florida	67,574	43,699	10,341	2,697	808	10,029
Georgia	43,237	24,753	13,041	1,853	33	3,557
Hawaii	11,768	8,444	883	620	6	1,815
Idaho	5,893	3,890	288	394	10	1,311
Illinois	70,776	55,787	3,612	2,755	151	8,471
Indiana	29,900	17,113	2,770	2,171	1,774	6,072
Iowa	15,589	8,283	1,229	782	2,484	2,811
Kansas	16,277	11,679	1,527	758	218	2,095
Kentucky	24,321	17,431	2,828	1,015	113	2,934
Louisiana	23,264	14,543	4,237	1,934	56	2,494
Maine	10,418	5,972	2,553	818	3	1,072
Maryland	32,268	24,301	2,257	1,137	15	4,558
Massachusetts	48,490	41,513	2,368	1,090	9	3,510
Michigan	63,928	43,851	6,926	2,245	18	10,888
Minnesota	27,082	14,644	4,552	1,851	2,177	3,858
Mississippi	14,398	8,873	2,473	933	113	2,006
Missouri	40,986	26,887	3,037	1,904	2,204	6,954
Montana	5,270	3,065	619	576	36	974
Nebraska	12,334	7,911	741	931	1,215	1,536
Nevada	6,310	4,831	449	151	5	874
New Hampshire	7,862	5,906	423	415	1	1,117
New Jersey	38,655	28,117	2,467	1,588	11	6,472
New Mexico	10,527	7,239	1,240	355	9	1,684
New York	117,939	88,782	7,167	5,029	70	16,891
North Carolina	53,981	36,534	8,250	3,205	1,818	4,174
North Dakota	6,336	2,901	554	685	968	1,228
Ohio	60,170	42,061	5,398	3,195	95	9,421
Oklahoma	25,593	19,252	2,316	721	1,331	1,973
Oregon	18,727	14,837	1,132	1,428	13	1,317
Pennsylvania	53,462	31,616	5,038	4,094	7	12,707
Rhode Island	12,138	10,279	609	600	4	646
South Carolina	31,408	19,585	6,813	1,646	75	3,289
South Dakota	6,709	4,294	497	400	772	746
Tennessee	35,306	23,355	5,108	1,914	610	4,319
Texas	105,150	84,883	7,151	3,067	92	9,957
Utah	10,077	7,759	338	505	5	1,470
Vermont	2,078	1,213	149	315	0	401
Virginia	43,936	30,682	3,214	2,317	116	7,607
Washington	37,336	26,296	3,839	1,705	32	5,464
West Virginia	12,023	8,218	1,106	1,197	1	1,501
Wisconsin	30,730	19,168	2,773	1,994	648	6,147
Wyoming	2,638	1,773	136	236	19	474
PUERTO RICO	7,774	5,657	1,959	19	3	136
ALL OTHER	2,736	2,174	199	66	0	297

1/ The number in training from the District of Columbia is overstated. See text section IIIJ1a(2).

TOTAL IN TRAINING

All Programs by State of Residence at Application - April 1976

	CHAPTER 34			CHAPTER 35			CHAPTER 31
	Total	Veterans	Service Personnel	Total	Sons and Daughters	Spouses and Widows(ers)	Disabled Veterans
GRAND TOTAL	1,768,180	1,688,856	79,324	66,662	54,613	12,049	17,834
U.S. - State Total	1,757,670	1,678,635	79,035	65,945	54,077	11,868	17,178
Alabama	36,803	35,539	1,264	1,694	1,312	382	636
Alaska	2,601	2,199	402	40	31	9	8
Arizona	33,099	31,695	1,404	1,648	1,245	403	251
Arkansas	16,109	15,507	602	974	797	177	168
California	299,543	285,431	14,112	8,702	6,509	2,193	1,091
Colorado	31,218	29,200	2,018	1,246	1,024	222	766
Connecticut	19,321	18,600	721	488	437	51	158
Delaware	5,514	5,229	285	128	106	22	54
District of Columbia 1/	20,598	17,473	3,125	1,797	1,481	316	222
Florida	67,574	63,479	4,095	4,533	3,481	1,052	645
Georgia	43,237	41,759	1,478	2,231	1,786	445	395
Hawaii	11,768	9,896	1,872	410	324	86	102
Idaho	5,893	5,322	571	269	228	41	79
Illinois	70,776	69,327	1,449	1,089	920	169	340
Indiana	29,900	29,302	598	616	538	78	499
Iowa	15,589	15,513	76	451	419	32	183
Kansas	16,277	15,316	961	696	601	95	204
Kentucky	24,321	23,298	1,023	882	773	109	157
Louisiana	23,264	22,609	655	1,051	849	202	132
Maine	10,418	9,919	499	436	354	82	71
Maryland	32,268	30,052	2,216	1,176	1,001	175	326
Massachusetts	48,490	47,705	785	2,072	1,862	210	475
Michigan	63,928	62,739	1,189	1,438	1,219	219	644
Minnesota	27,082	26,904	178	867	800	67	338
Mississippi	14,398	13,232	1,166	1,013	853	160	152
Missouri	40,986	38,174	2,812	1,055	897	158	413
Montana	5,270	4,724	546	227	200	27	65
Nebraska	12,334	11,284	1,050	455	408	47	197
Nevada	6,310	5,845	465	171	123	48	62
New Hampshire	7,862	7,562	300	265	225	40	135

	CHAPTER 34			CHAPTER 35			CHAPTER 31
	Total	Veterans	Service Personnel	Total	Sons and Daughters	Spouses and Widows(ers)	Disabled Veterans
New Jersey	38,655	37,384	1,271	1,238	1,076	162	421
New Mexico	10,527	9,618	909	723	615	108	113
New York	117,939	113,223	4,716	3,339	2,969	370	1,044
North Carolina	53,981	51,652	2,329	1,980	1,590	390	323
North Dakota	6,336	5,525	811	108	98	10	74
Ohio	60,170	59,311	859	1,588	1,363	225	983
Oklahoma	25,593	24,587	1,006	1,519	1,218	301	423
Oregon	18,727	18,558	169	735	579	156	481
Pennsylvania	53,462	52,990	472	1,812	1,662	150	579
Rhode Island	12,138	11,837	301	414	378	36	188
South Carolina	31,408	29,408	2,000	1,065	817	248	128
South Dakota	6,709	6,190	519	194	171	23	149
Tennessee	35,306	33,945	1,361	1,071	890	181	246
Texas	105,150	100,061	5,089	6,147	4,883	1,264	1,532
Utah	10,077	9,798	279	345	289	56	141
Vermont	2,078	2,059	19	112	101	11	79
Virginia	43,936	38,683	5,253	2,216	1,858	358	385
Washington	37,336	34,035	3,301	1,844	1,492	352	494
West Virginia	12,023	11,976	47	381	322	59	124
Wisconsin	30,730	30,605	125	900	819	81	287
Wyoming	2,638	2,356	282	94	84	10	16
PUERTO RICO	7,774	7,734	40	400	309	91	214
ALL OTHER	2,736	2,487	249	317	227	90	442

1/ The number in training from the District of Columbia is overstated. See text section IIIJ1a(2).

CHAPTER 34
VIETNAM ERA VETERANS IN TRAINING BY STATE
During April 1976 and April 1975 by Residence at Time of Application

	April 1976 [1]	April 1975 [2]	Change	
			Actual	Percent
GRAND TOTAL	1,352,121	1,373,384	- 21,263	- 1.5%
U.S. - State Total	1,344,270	1,364,834	- 20,564	- 1.5
Alabama	27,803	29,425	- 1,622	- 5.5
Alaska	1,921	1,879	42	2.2
Arizona	25,148	23,188	1,960	8.5
Arkansas	12,438	12,080	358	3.0
California	224,043	231,246	- 7,203	- 3.1
Colorado	24,476	24,123	353	1.5
Connecticut	14,604	15,440	- 836	- 5.4
Delaware	4,091	4,303	- 212	- 4.9
District of Columbia [3]	14,374	10,718	3,656	34.1
Florida	52,083	51,761	322	0.6
Georgia	35,348	36,789	- 1,441	- 3.9
Hawaii	8,280	7,390	890	12.0
Idaho	4,461	4,949	- 488	- 9.9
Illinois	55,126	58,100	- 2,974	- 5.1
Indiana	23,720	24,059	- 339	- 1.4
Iowa	12,556	14,033	- 1,477	- 10.5
Kansas	13,174	13,176	- 2	- 0.0
Kentucky	18,844	17,874	970	5.4
Louisiana	18,794	20,768	- 1,974	- 9.5
Maine	7,343	7,193	150	2.1
Maryland	24,401	25,070	- 669	- 2.7
Massachusetts	33,581	29,725	3,856	13.0
Michigan	48,080	48,414	- 334	- 0.7
Minnesota	21,680	24,627	- 2,947	- 12.0
Mississippi	11,063	10,871	192	1.8
Missouri	30,733	31,487	- 754	- 2.4
Montana	4,145	4,417	- 272	- 6.2
Nebraska	9,367	9,371	- 4	- 0.0
Nevada	4,577	4,397	180	4.1
New Hampshire	5,571	4,740	831	17.5
New Jersey	28,855	29,923	- 1,068	- 3.6
New Mexico	8,159	8,166	- 7	- 0.1
New York	87,393	84,067	3,326	4.0
North Carolina	41,613	43,826	- 2,213	- 5.0
North Dakota	4,645	4,644	- 1	- 0.0
Ohio	48,947	48,511	436	0.9
Oklahoma	20,371	20,895	- 524	- 2.5
Oregon	15,064	16,709	- 1,645	- 9.8
Pennsylvania	43,102	49,458	- 6,356	- 12.9
Rhode Island	8,149	8,346	- 197	- 2.4
South Carolina	24,133	25,573	- 1,440	- 5.6
South Dakota	4,604	4,099	505	12.3
Tennessee	27,475	28,940	- 1,465	- 5.1
Texas	82,139	81,812	327	0.4
Utah	7,857	8,846	- 989	- 11.2
Vermont	1,733	1,873	- 140	- 7.5
Virginia	33,377	32,257	1,120	3.5
Washington	28,953	29,074	- 121	- 0.4
West Virginia	9,721	8,805	916	10.4
Wisconsin	24,123	25,194	- 1,071	- 4.3
Wyoming	2,032	2,203	- 171	- 7.8
PUERTO RICO	5,549	6,375	- 826	- 13.0
ALL OTHER	2,302	2,175	127	5.8

[1] Excludes 79,324 service personnel in training.

[2] Excludes 94,208 service personnel in training.

[3] The number in training from the District of Columbia is overstated. See text section IIIJ1a(2).

CHAPTER 34
CUMULATIVE TRAINEES BY STATE
Based on Residence at Time of Application

Appendix B, Table 17

	Ever Trained Through April 1976	Ever Trained Through April 1975	New Entries from April 1975 to April 1976	
			Number	Percent of Cumulative April 1975
GRAND TOTAL	6,437,157	5,657,265	779,892	12.1%
U.S. - State Total	6,389,302	5,612,447	776,855	12.2
Alabama	114,113	99,808	14,305	12.5
Alaska	13,880	11,804	2,076	15.0
Arizona	91,975	79,431	12,544	13.6
Arkansas	52,776	45,698	7,078	13.4
California	975,039	857,219	117,820	12.1
Colorado	117,675	103,621	14,054	11.9
Connecticut	70,631	64,440	6,191	8.8
Delaware	18,533	15,706	2,827	15.3
District of Columbia 1/	103,372	66,184	37,188	36.0
Florida	239,462	205,704	33,758	14.1
Georgia	154,227	135,005	19,222	12.5
Hawaii	52,063	41,591	10,472	20.1
Idaho	24,136	21,945	2,191	9.1
Illinois	261,363	235,617	25,746	9.9
Indiana	120,852	107,736	13,116	10.9
Iowa	67,273	61,428	5,845	8.7
Kansas	69,342	62,490	6,852	9.9
Kentucky	85,365	72,813	12,552	14.7
Louisiana	95,138	85,395	9,743	10.2
Maine	31,274	26,249	5,025	16.1
Maryland	117,842	106,568	11,274	9.6
Massachusetts	145,780	125,172	20,608	14.1
Michigan	238,705	210,164	28,541	12.0
Minnesota	114,292	105,482	8,810	7.7
Mississippi	47,413	40,775	6,638	14.0
Missouri	148,075	127,363	20,712	14.0
Montana	23,877	21,916	1,961	8.2
Nebraska	50,204	45,387	4,817	9.6
Nevada	21,196	18,079	3,117	14.7
New Hampshire	24,898	20,925	3,973	16.0
New Jersey	146,586	132,552	14,034	9.6
New Mexico	42,542	38,352	4,190	9.8
New York	449,737	409,658	40,079	8.9
North Carolina	168,780	143,031	25,749	15.3
North Dakota	24,858	22,273	2,585	10.4
Ohio	243,147	217,108	26,039	10.7
Oklahoma	92,354	81,999	10,355	11.2
Oregon	74,158	67,324	6,834	9.2
Pennsylvania	260,546	240,862	19,684	7.6
Rhode Island	34,533	30,899	3,634	10.5
South Carolina	96,593	82,643	13,950	14.4
South Dakota	23,587	19,705	3,882	16.5
Tennessee	119,502	102,877	16,625	13.9
Texas	376,668	327,436	49,232	13.1
Utah	38,512	35,429	3,083	8.0
Vermont	8,938	8,088	850	9.5
Virginia	156,521	135,560	20,961	13.4
Washington	175,855	146,645	29,210	16.6
West Virginia	40,982	35,460	5,522	13.5
Wisconsin	112,848	102,617	10,231	9.1
Wyoming	11,284	10,214	1,070	9.5
PUERTO RICO	29,114	28,592	522	1.8
ALL OTHER	18,741	16,226	2,515	13.4

1/ The number of trainees from the District of Columbia is overstated. See text section IIIJ1a(2).

CHAPTER 34

PARTICIPATION RATE FOR VIETNAM ERA VETERANS BY STATE AND TYPE OF TRAINING

Cumulative Through April 1976

		TRAINEES					
			Percent of Veteran Population				
	Veteran Population	Total Trainees	Total	College	Other Residence Schools 1/	On-Job Training	Correspondence
GRAND TOTAL	8,008,000	4,350,825	54.3%	32.8%	8.9%	5.1%	7.4%
U.S. - State Total	7,917,000	4,323,941	54.6	33.0	9.0	5.2	7.5
Alabama	113,000	77,286	68.4	38.6	19.1	5.8	4.8
Alaska	14,000	7,058	50.4	29.3	10.9	4.6	5.7
Arizona	84,000	62,555	74.5	54.1	7.4	5.8	7.1
Arkansas	67,000	38,216	57.0	25.8	18.6	6.6	6.0
California	911,000	625,757	68.7	52.5	7.5	3.7	4.9
Colorado	111,000	72,834	65.6	42.6	9.5	4.4	9.1
Connecticut	118,000	51,103	43.3	23.9	5.5	7.4	6.4
Delaware	24,000	12,785	53.3	32.5	6.2	4.3	10.3
District of Columbia 2/	23,000	34,301	--	--	--	--	--
Florida	293,000	169,351	57.8	35.3	11.1	4.8	6.6
Georgia	192,000	109,193	56.9	26.4	19.4	5.5	5.6
Hawaii	33,000	24,760	75.0	47.7	11.0	9.7	6.6
Idaho	28,000	16,419	58.6	36.7	5.1	5.5	11.4
Illinois	393,000	192,257	48.9	29.6	6.5	4.8	8.0
Indiana	207,000	88,502	42.8	19.3	6.9	5.1	11.5
Iowa	102,000	49,660	48.7	23.4	10.2	4.5	10.6
Kansas	83,000	46,151	55.6	33.9	9.8	4.1	7.7
Kentucky	108,000	56,200	52.0	28.8	9.2	4.0	10.1
Louisiana	118,000	67,851	57.5	28.1	14.3	8.1	7.0
Maine	38,000	21,422	56.4	28.4	10.9	9.7	7.4
Maryland	174,000	79,310	45.6	28.1	6.6	4.5	6.3
Massachusetts	231,000	98,905	42.8	28.9	5.9	3.6	4.4
Michigan	333,000	175,825	52.8	31.8	6.5	4.5	10.0
Minnesota	169,000	85,357	50.5	23.7	12.7	7.2	7.0
Mississippi	57,000	32,941	57.8	31.6	12.5	7.1	6.5
Missouri	183,000	101,642	55.5	31.6	10.2	4.9	8.8
Montana	28,000	16,348	58.4	32.2	9.9	9.0	7.3
Nebraska	55,000	32,695	59.4	32.0	10.6	9.3	7.6
Nevada	25,000	13,700	54.8	33.2	10.1	3.6	7.9

		TRAINEES					
			Percent of Veteran Population				
	Veteran Population	Total Trainees	Total	College	Other Residence Schools [1]	On-Job Training	Correspondence
New Hampshire	36,000	16,244	45.1%	26.8%	4.4%	7.2%	6.7%
New Jersey	262,000	101,846	38.9	21.6	6.2	4.3	6.7
New Mexico	38,000	28,413	74.8	43.3	16.2	5.3	10.0
New York	570,000	288,299	50.6	30.4	7.0	6.3	6.8
North Carolina	176,000	116,441	66.2	38.4	14.0	8.4	5.4
North Dakota	17,000	15,699	92.3	47.7	19.6	14.3	10.7
Ohio	410,000	180,463	44.0	23.4	6.5	4.4	9.8
Oklahoma	114,000	64,860	56.9	36.2	11.7	3.7	5.3
Oregon	105,000	55,121	52.5	36.5	5.5	5.1	5.3
Pennsylvania	442,000	192,218	43.5	19.7	7.6	5.5	10.7
Rhode Island	41,000	21,892	53.4	36.1	7.2	5.1	5.0
South Carolina	100,000	65,557	65.6	34.2	18.4	7.1	5.8
South Dakota	18,000	14,689	81.6	46.2	14.7	9.1	11.6
Tennessee	148,000	88,010	59.5	32.1	13.1	5.4	8.9
Texas	451,000	252,849	56.1	37.4	8.5	3.3	6.8
Utah	49,000	26,407	53.9	38.1	3.4	3.4	9.0
Vermont	19,000	6,795	35.8	16.6	3.8	8.4	6.9
Virginia	191,000	99,349	52.0	31.7	6.4	5.7	8.2
Washington	181,000	106,635	58.9	38.2	9.1	4.3	7.4
West Virginia	57,000	31,205	54.7	26.7	9.5	8.7	9.9
Wisconsin	164,000	82,898	50.5	25.9	7.7	5.7	11.3
Wyoming	13,000	7,667	59.0	36.9	5.2	7.4	9.5
PUERTO RICO	44,000	17,673	40.2	26.2	11.9	1.1	1.0
ALL OTHER [3]	47,000	9,211	19.6	16.2	1.5	0.8	1.1

[1] The Other Residence Schools percentage is derived by subtracting the correspondence percentage from the Other Schools percentage. This percentage will be slightly understated due to the small number of college level training contained in correspondence (about one percent).

[2] The number of trainees from the District of Columbia is overstated. See text section IIIJ1a(2).

[3] Includes persons training in U.S. Possessions and Territories and in other countries.

CHAPTER 34

DEPENDENCY STATUS FOR VETERANS IN TRAINING - APRIL 1976

Comparison for Current GI Bill by Peacetime Post-Korean and Vietnam Era Veterans

	Total Current GI Bill Veterans		Peacetime Post-Korean Veterans		Vietnam Era Veterans	
	All Trainees	Trainees One-Half Time or More	All Trainees	Trainees One-Half Time or More	All Trainees	Trainees One-Half Time or More
TOTAL	1,688,856	1,473,510	336,755	279,810	1,352,121	1,193,700
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Not paid for dependents	519,924	304,578	73,565	16,438	446,359	288,140
Percent	30.8%	20.7%	21.8%	5.9%	33.0%	24.1%
Paid for one dependent	260,944	260,944	22,251	22,251	238,693	238,693
Percent	15.5%	17.7%	6.6%	8.0%	17.7%	20.0%
Paid for two or more dependents	907,988	907,988	240,919	240,919	667,069	667,069
Percent	53.8%	61.6%	71.5%	86.1%	49.3%	55.9%

THREE GI BILLS

DEPENDENCY STATUS FOR ALL VETERANS EVER TRAINED

Comparison for World War II, Korean Conflict, Post-Korean and Vietnam Era

	World War II (Ended)	Korean Conflict (Ended)	Post-Korean (Cumulative Through April 1976)		Vietnam Era (Cumulative Through April 1976)	
			All Trainees	Trainees One-Half Time or More	All Trainees	Trainees One-Half Time or More
Number of Veteran Trainees Trained under GI Bills [1]	7,800,000	2,391,000	5,735,298	4,369,544	4,350,825	3,477,086
Not paid for dependents	3,595,800	1,099,860	2,557,705 [2]	1,191,951	1,958,023 [2]	1,084,284
Percent [3]	46.1%	46.0%	44.6%	27.3%	45.0%	31.2%
Paid for one dependent	1,848,600	418,425	898,977	898,977	786,702	786,702
Percent [3]	23.7%	17.5%	15.7%	20.6%	18.1%	22.6%
Paid for two or more dependents	2,355,600	872,715	2,278,616	2,278,616	1,606,100	1,606,100
Percent [3]	30.2%	36.5%	39.7%	52.1%	36.9%	46.2%

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[1] Service personnel excluded from all data.

[2] Includes trainees with dependents if they are enrolled in less than half-time training, correspondence schools, or flight training.

[3] Percentages may not add to 100% due to rounding.

CHAPTER 34

ALL PERSONS IN TRAINING AS OF APRIL 30, 1976

Type of Training by Prior Educational Attainment

Prior Educational Attainment	Total	Percent [1]	Type of Training Entered College Level	Other Residence Schools	On-Job Training	Correspondence
TOTAL	1,768,180	100.0%	1,278,638	194,682	75,792	219,068
Not a high school graduate	185,346	10.5	89,886	57,922	8,530	29,008
High school graduate	1,263,274	71.4	928,480	119,730	59,936	155,128
One or more years of college	319,560	18.1	260,272	17,030	7,326	34,932
VIETNAM ERA VETERANS	1,352,121	100.0	1,015,264	144,692	70,222	121,943
Not a high school graduate	125,864	9.3	63,004	39,535	7,325	16,000
High school graduate	985,397	72.9	746,845	94,008	55,876	88,668
One or more years of college	240,860	17.8	205,415	11,149	7,021	17,275
PEACETIME POST-KOREAN VETERANS	336,735	100.0	243,625	44,611	5,570	42,929
Not a high school graduate	52,419	15.6	26,371	16,994	1,205	7,849
High school graduate	231,074	68.6	175,894	23,235	4,060	27,865
One or more years of college	53,242	15.8	41,360	4,382	305	7,195
SERVICE PERSONNEL	79,324	100.0	19,749	5,379	--	54,196
Not a high school graduate	7,063	8.9	511	1,393	--	5,159
High school graduate	46,803	59.0	5,741	2,487	--	38,575
One or more years of college	25,458	32.1	13,497	1,499	--	10,462

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[1] Percentages may not add to 100% due to rounding.

CHAPTER 34

PERCENTAGE DISTRIBUTION OF ALL PERSONS IN TRAINING AS OF APRIL 30, 1976 1/

Type of Training by Prior Educational Attainment

Prior Educational Attainment	Total	Type of Training Entered: College Level	Type of Training Entered: Other Residence Schools	Type of Training Entered: On-Job Training	Type of Training Entered: Correspondence
TOTAL	100.0%	72.3%	11.0%	4.3%	12.4%
Not a high school graduate	100.0	48.5	31.3	4.6	15.7
High school graduate	100.0	73.5	9.5	4.7	12.3
One or more years of college	100.0	81.4	5.3	2.3	10.9
VIETNAM ERA VETERANS	100.0	75.1	10.7	5.2	9.0
Not a high school graduate	100.0	50.1	31.4	5.8	12.7
High school graduate	100.0	75.8	9.5	5.7	9.0
One or more years of college	100.0	85.3	4.6	2.9	7.2
PEACETIME POST-KOREAN VETERANS	100.0	72.3	13.2	1.7	12.7
Not a high school graduate	100.0	50.3	32.4	2.3	15.0
High school graduate	100.0	76.1	10.1	1.8	12.1
One or more years of college	100.0	77.7	8.2	0.6	13.5
SERVICE PERSONNEL	100.0	24.9	6.8	--	68.3
Not a high school graduate	100.0	7.2	19.7	--	73.0
High school graduate	100.0	12.3	5.3	--	82.4
One or more years of college	100.0	53.0	5.9	--	41.1

1/ Percentages may not add to 100% due to rounding.

CHAPTER 34

ALL PERSONS EVER IN TRAINING THROUGH APRIL 1976

Type of Training by Prior Educational Attainment

Prior Educational Attainment	Total	Percent [1]	Type Training Entered: College Level	Type Training Entered: Other Residence Schools	Type Training Entered: On-Job Training	Type Training Entered: Correspondence
TOTAL	6,437,157	100.0%	3,592,213	1,216,618	470,105	1,158,221
Not a high school graduate	871,887	13.5	246,491	384,829	51,210	189,357
High school graduate	4,306,847	66.9	2,354,617	723,789	380,596	847,845
One or more years of college	1,258,423	19.5	991,105	108,000	38,299	121,019
VIETNAM ERA VETERANS	4,350,825	100.0	2,630,524	716,509	408,787	595,005
Not a high school graduate	455,008	10.5	150,055	167,220	40,148	97,585
High school graduate	3,076,465	70.7	1,812,899	486,473	333,460	443,633
One or more years of college	819,352	18.8	667,570	62,816	35,179	53,787
PEACETIME POST-KOREAN VETERANS	1,384,473	100.0	731,423	267,944	61,318	323,788
Not a high school graduate	214,810	15.5	58,881	76,200	11,062	68,667
High school graduate	871,083	62.9	443,033	160,574	47,136	220,340
One or more years of college	298,580	21.6	229,509	31,170	3,120	34,781
SERVICE PERSONNEL	701,859	100.0	230,266	232,165	--	239,428
Not a high school graduate	202,069	28.8	37,555	141,409	--	23,105
High school graduate	359,299	51.2	98,685	76,742	--	183,872
One or more years of college	140,491	20.0	94,026	14,014	--	32,451

[1] Percentages may not add to 100% due to rounding.

CHAPTER 34

PERCENTAGE DISTRIBUTION OF ALL PERSONS EVER IN TRAINING THROUGH APRIL 1976 [1]

Type of Training by Prior Educational Attainment

		Type of Training Entered			
Prior Educational Attainment	Total	College Level	Other Residence Schools	On-Job Training	Corres-pondence
TOTAL	100.0%	55.8%	18.9%	7.3%	18.0%
Not a high school graduate	100.0	28.3	44.1	5.9	21.7
High school graduate	100.0	54.7	16.8	8.8	19.7
One or more years of college	100.0	78.8	8.6	3.0	9.6
VIETNAM ERA VETERANS	100.0	60.5	16.5	9.4	13.7
Not a high school graduate	100.0	33.0	36.8	8.8	21.4
High school graduate	100.0	58.9	15.8	10.8	14.4
One or more years of college	100.0	81.5	7.7	4.3	6.6
PEACETIME POST-KOREAN VETERANS	100.0	52.8	19.4	4.4	23.4
Not a high school graduate	100.0	27.4	35.5	5.1	32.0
High school graduate	100.0	50.9	18.4	5.4	25.3
One or more years of college	100.0	76.9	10.4	1.0	11.6
SERVICE PERSONNEL	100.0	32.8	33.1	--	34.1
Not a high school graduate	100.0	18.6	70.0	--	11.4
High school graduate	100.0	27.5	21.4	--	51.2
One or more years of college	100.0	66.9	10.0	--	23.1

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[1] Percentages may not add to 100% due to rounding.

CHAPTER 34

VETERANS IN TRAINING ON APRIL 30, 1976 AND APRIL 30, 1975

By Prior Educational Attainment by Type of Training

Prior Educational Attainment	April 30, 1976	April 30, 1975	Percent Change
TOTAL	1,688,856	1,697,979	- 0.5%
Not a high school graduate	178,283	172,282	3.5
High school graduate	1,216,471	1,218,569	- 0.2
One or more years of college	294,102	307,128	- 2.7
College	1,258,889	1,174,084	7.2
Not a high school graduate	89,375	72,412	23.4
High school graduate	922,739	847,406	8.9
One or more years of college	246,775	254,266	- 2.9
Other Residence Schools	189,303	194,297	- 2.6
Not a high school graduate	56,529	54,126	4.4
High school graduate	117,243	123,759	- 5.3
One or more years of college	15,331	16,412	- 6.6
On-Job Training	75,792	114,942	- 34.1
Not a high school graduate	8,530	12,557	- 32.1
High school graduate	59,936	91,362	- 34.4
One or more years of college	7,326	11,023	- 33.5
Correspondence	164,872	214,656	- 23.2
Not a high school graduate	23,849	33,187	- 28.1
High school graduate	116,553	156,042	- 25.3
One or more years of college	24,470	25,427	- 3.8

COMPLETION RATES OF TRAINEES FOR THOSE WHO ORIGINALLY ENTERED IN FISCAL YEAR 1968 AND TERMINATED TRAINING BY JUNE 1972 [1/]

(As of First Half of Fiscal Year 1974)

Group	Completion Rate
COLLEGE	
Full time	68.3%
Part time	31.8
OTHER RESIDENCE SCHOOL	
Full time	66.5
Part time	56.5
ON-JOB TRAINING	
Full time	87.7
Part time	76.4
CORRESPONDENCE (Non-College)	25.6 [2/]

[1/] This table is from the VA Completion Rate Study, June 1976.

[2/] A separate study which includes all fiscal years of entrance shows that on December 31, 1974 the correspondence completion rate was 41.2 percent.

PERCENT USING SKILLS FOLLOWING TRAINING
FOR VIETNAM ERA VETERANS WHO TERMINATED TRAINING PRIOR TO JUNE 1972 1/

(As of First Half of Fiscal Year 1974)

Group	Percent of Completed Who Are Employed in Same Field or Making Substantial Use of Training	Percent of Non-Completed Who Are Employed in Same Field or Making Substantial Use of Training
TOTAL	83.1%	39.8%
COLLEGE	89.0	44.9
Full time	89.4	41.6
Part time	87.9	48.0
OTHER RESIDENCE SCHOOL	73.4	30.8
Full time	76.4	28.7
Part time	66.4	33.5
ON-JOB TRAINING	95.0	50.5
CORRESPONDENCE	60.4	29.8
FLIGHT	76.0	47.2

1/ This table is from the VA Completion Rate Study, June 1976.

MEDIAN ANNUAL EARNINGS FOR GI BILL TRAINEES WHO TERMINATED PRIOR TO JUNE 1972

(As of First Half of Fiscal Year 1974)

Group	Completed	Non-Completed
TOTAL	$ 10,813	$ 9,596
COLLEGE		
Full time	11,324	8,901
Part time	12,195	10,285
OTHER RESIDENCE SCHOOL		
Full time	8,768	7,969
Part time	10,223	9,550
ON-JOB TRAINING	11,805	9,689
CORRESPONDENCE	10,136	9,726

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[1] This table is from the VA Completion Rate Study, June 1976.

THREE GI BILLS
TOTAL NUMBER TRAINED, LEVEL OF TRAINING AND COST [1]
Comparison for World War II, Korean Conflict, Post-Korean and Vietnam Era
(In Thousands)

	World War II (Ended)	Korean Conflict (Ended)	Post-Korean Total	Cumulative Through April 1976		
					Vietnam Era	
				Between Korean & Vietnam Era	Veterans	Service Personnel
TOTAL TRAINED	7,800	2,391	6,437	1,384	4,351	702
Percent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
College*	2,230	1,213	3,602	734	2,636	231
Percent	28.6%	50.7%	55.9%	53.0%	60.6%	32.9%
Other schools	3,480	860	2,323	571	1,281	471
Percent	44.6%	36.0%	36.1%	41.3%	29.4%	67.1%
On-job training	1,400	223	470	61	409	6
Percent	17.9%	9.3%	7.3%	4.4%	9.4%	
Farm training	690	95	42	18	25 [2]	-
Percent	8.9%	4.0%	0.7%	1.3%	0.6%	
Cost (In Billions)	$ 14.5	$ 4.5	$ 19.7	-	-	-

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[1] Percentages may not add to 100% due to rounding.

[2] Cooperative farm.

April 1976
Appendix B, Table 29

THREE GI BILLS

COMPARISON OF PARTICIPATION RATES

	World War II June 1944 - End of Program	Korean Conflict Sept. 1952 - End of Program	Post-Korean June 1966 - April 1976	Vietnam Era June 1966 - April 1976
Veteran population	15,440,000	5,509,000	11,094,000	8,008,000
Total trained	7,800,000	2,391,000	6,437,157 [1]	5,052,684 [1]
Percent	50.5%	43.4%	58.0%	63.1%
School trainees	5,710,000	2,073,000	5,924,747	4,619,242
Percent	37.0%	37.6%	53.4%	57.7%
College	(2,230,000)	(1,213,000)	(3,601,551)	(2,867,379)
Percent	(14.4%)	(22.0%)	(32.5%)	(35.8%)
Other schools	(3,480,000)	(860,000)	(2,323,196)	(1,751,863)
Percent	(22.5%)	(15.6%)	(20.9%)	(21.9%)
On-job trainees	1,400,000	223,000	470,105	408,787
Percent	9.1%	4.0%	4.2%	5.1%
Farm trainees	690,000	95,000	42,305	24,655
Percent	4.5%	1.7%	0.4%	0.3%

[1] Includes 701,859 service personnel.

DVB IB 20-76-5
Appendix B, Table 30

THREE GI BILLS

EDUCATIONAL LEVEL AT TIME OF APPLICATION FOR ALL VETERANS AND SERVICE PERSONNEL EVER TRAINED

Comparison for World War II, Korean Conflict, Post-Korean Conflict and Categories of Post-Korean Conflict Training

	World War II (Ended)	Korean Conflict (Ended)	Post-Korean Conflict Trainees (Through April 1976)	Vietnam Era Veterans (Through April 1976)	Service Personnel (Through April 1976)	Peacetime Post-Korean (Through April 1976)
Number of Trainees Trained Under the GI Bills	7,800,000	2,391,000	6,437,157	4,350,825	701,859	1,384,473
Percentage Distribution [1]						
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Less than high school	45.2	29.0	13.5	10.5	28.8	15.5
Four years of high school	38.5	44.5	66.9	70.7	51.2	62.9
One or more years of college	16.3	26.5	19.5	18.8	20.0	21.6
Median Educational Level	12.1 years	12.5 years	12.5 years	NA	NA	NA

[1] Percentages may not add to 100% due to rounding.

CHAPTER 35

DEPENDENTS EDUCATIONAL ASSISTANCE

Persons In Training - April 1976

	Total	Orphans	Children of 100% Disabled	Widows(ers)	Spouses of 100% Disabled	Children of Service Personnel Missing in Action	Spouses of Service Personnel Missing in Action
TOTAL	66,662	28,920	25,626	7,590	4,422	67	37
College	60,689	27,122	23,812	6,215	3,440	67	33
Graduate	2,190	765	741	473	203	0	8
Junior college	23,679	9,564	8,142	3,835	2,105	18	15
Other undergraduate	34,820	16,793	14,929	1,907	1,132	49	10
Schools other than college	5,723	1,683	1,706	1,357	974	0	3
Special restorative	36	13	20	1	2	0	0
On-job training	214	102	88	17	6	0	1

CHAPTER 31

IN TRAINING END OF APRIL 1976

	TOTAL ALL LAWS	Public Law 87-815			Public Law 89-138				
		Total	Vietnam Era	Other than Vietnam Era	Total	World War II	Korean Conflict	All Other PL 89-138	All Other
TOTAL	17,834	17,502	16,930	572	263	16	130	117	69
College - Total	13,590	13,373	12,963	410	171	13	84	74	46
Graduate	1,040	1,018	993	25	17	0	9	8	5
Junior College									
Degree	3,640	3,559	3,423	136	65	3	34	28	16
Non-Degree	98	94	90	4	4	0	2	2	0
Other Undergraduate									
Degree	8,604	8,501	8,263	238	79	8	38	33	24
Non-Degree	208	201	194	7	6	2	1	3	1
Other Schools - Total	2,957	2,862	2,758	104	82	2	41	39	13
Vocational/Technical	2,641	2,557	2,466	91	72	2	35	35	12
Elementary/Secondary	190	184	177	7	5	0	3	2	1
Special Rehabilitation/ Restorative 1/	48	44	42	2	4	0	2	2	0
Special Rehabilitation/ Vocational 1/	40	40	39	1	0	0	0	0	0
Homebound 1/	38	37	34	3	1	0	1	0	0
On-Job Training - Total	556	551	538	13	3	1	1	1	2
Apprentice	132	131	130	1	1	0	0	1	0
Other	424	420	408	12	2	1	1	0	2
Institutional On-Farm	105	103	94	9	0	0	0	0	2
Unknown	626	613	577	36	7	0	4	3	6

[1/] It is believed that a large number of the "unknown" belong in this category.

CHAPTER 31

SELECTED CHARACTERISTICS OF DISABLED VETERANS IN TRAINING

April 1976

	Total Trainees	Percent Full-Time	Percent One or More Dependents	Prior Education [1/] Percent Not High School Graduate	Prior Education [1/] Percent One or More Years of College	Percent Public
TOTAL IN TRAINING	17,834	80.4%	73.5%	13.2%	34.9%	58.6%
College - Total	13,590	80.4	73.0	9.7	38.8	67.3
Graduate	1,040	83.6	74.4	5.5	62.2	NA
Junior College	3,738	75.3	77.1	16.0	20.9	85.3
Other Undergraduate	8,812	82.2	71.1	7.6	43.7	NA
Other Residence Schools	2,957	81.1	72.2	25.3	14.7	32.5
Vocational/Technical	2,641	81.9	72.6	22.8	15.1	32.5
Elementary/Secondary	190	76.8	67.4	58.4	6.3	58.8
Special Rehabilitation/ Homebound 2/	126	70.1	70.9	26.8	20.5	1.8
On-Job Training	556	96.9	83.1	14.4	21.9	13.8
Apprentice	132	97.0	79.5	12.9	19.7	NA
Other	424	96.9	84.2	14.8	22.6	NA
Institutional On-Farm	105	96.2	88.6	20.0	19.0	NA
Unknown	626	59.6	77.8	13.4	18.1	21.0

1/ Education at time of first application for training under chapter 31.

2/ It is believed that a large number of the "unknown" belong in this category.

NA - Not Available.

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CHAPTER 31

TYPE OF DISABILITY BY TYPE OF TRAINING

All Veterans In Training

April 1976

	Total Trained	Total College	Total Other Schools	Vocational/ Technical & High School	Special Programs	Institu-tional On-Farm	Appren-tice On-Job	Unknown
GRAND TOTAL	17,834	13,590	2,957	2,831	126	105	556	626
Orthopedic - Total	7,771	6,065	1,141	1,105	36	41	281	243
Amputations	716	561	97	96	1	4	37	17
All other orthopedic	7,055	5,504	1,044	1,009	35	37	244	226
Vision	589	445	105	101	4	5	18	16
Hearing	267	197	50	48	2	1	12	7
Respiratory Diseases	724	565	114	108	6	4	18	23
Cardiovascular	1,467	1,083	260	250	10	22	34	68
Epilepsies	234	179	45	42	3	0	5	5
Neurological	1,467	1,142	231	204	27	7	38	49
Psychoses	1,573	1,127	368	352	16	5	34	39
Psychoneuroses	885	660	175	167	8	1	26	23
Digestive System	878	664	146	143	3	11	29	28
All Other Disabilities	1,842	1,401	307	297	10	8	60	66
Invalids and Blanks	137	62	15	14	1	0	1	59

CHAPTER 31

Appendix B, Table 36

DISABLED VETERANS IN TRAINING BY STATE LOCATION OF FACILITY (APRIL 1976)

	Total	College	Other Schools	On-Job Training	Unknown	Percent Public
GRAND TOTAL	17,834	13,856	2,942	607	429	58.6%
U.S. - State Total	17,178	13,682	2,880	606	10	60.0
Alabama	636	335	286	15	0	76.9
Alaska	8	7	1	0	0	87.5
Arizona	251	189	58	4	0	68.9
Arkansas	168	102	56	10	0	56.5
California	1,091	902	130	59	0	53.8
Colorado	766	567	175	24	0	62.8
Connecticut	158	132	21	5	0	29.1
Delaware	54	51	1	2	0	63.0
District of Columbia	222	190	22	10	0	26.1
Florida	645	582	47	16	0	57.5
Georgia	395	287	99	9	0	71.9
Hawaii	102	69	16	17	0	69.6
Idaho	79	69	4	6	0	83.5
Illinois	340	272	51	17	0	51.5
Indiana	499	417	69	13	0	73.5
Iowa	183	159	17	7	0	52.5
Kansas	204	158	42	4	0	78.4
Kentucky	157	134	9	14	0	61.8
Louisiana	132	92	36	4	0	68.2
Maine	71	61	7	3	0	76.1
Maryland	326	266	51	8	1	72.4
Massachusetts	475	376	73	26	0	27.2
Michigan	644	563	64	16	1	69.6
Minnesota	338	178	121	39	0	63.0
Mississippi	152	121	24	7	0	77.0
Missouri	413	333	66	14	0	48.4
Montana	65	58	6	1	0	72.3
Nebraska	197	174	15	7	1	56.3
Nevada	62	56	4	2	0	87.1
New Hampshire	135	123	5	7	0	41.5
New Jersey	421	357	57	7	0	76.5
New Mexico	113	104	9	0	0	56.6
New York	1,044	868	139	36	1	38.4
North Carolina	323	306	11	5	1	74.9
North Dakota	74	67	5	2	0	85.1
Ohio	983	837	133	13	0	62.3
Oklahoma	423	296	101	25	1	61.0
Oregon	481	295	177	9	0	83.8
Pennsylvania	579	376	168	34	1	33.7
Rhode Island	188	147	39	2	0	29.8
South Carolina	128	120	6	2	0	78.1
South Dakota	149	132	14	3	0	48.3
Tennessee	246	216	26	4	0	56.1
Texas	1,532	1,215	270	46	1	59.9
Utah	141	136	3	2	0	75.2
Vermont	79	74	3	2	0	41.8
Virginia	385	303	66	16	0	72.2
Washington	494	438	44	11	1	69.0
West Virginia	124	94	23	7	0	50.0
Wisconsin	287	264	10	12	1	77.4
Wyoming	16	14	0	2	0	87.5
Puerto Rico	214	156	58	0	0	21.0
All Other	8	6	2	0	0	62.5
Unknown 1/	434	12	2	1	419	22.4

1/ The statistical reporting system for chapter 31 training was converted from a punched card to a magnetic tape system in June 1975. Certain errors occurred or became evident for the first time upon conversion. We are presently attempting to update the system so that this large "unknown" count can be eliminated.

Chairman HARTKE. The first witness is Mr. Rufus H. Wilson, Chief Benefits Director, Department of Veterans Benefits.

STATEMENT OF RUFUS H. WILSON, CHIEF BENEFITS DIRECTOR, DEPARTMENT OF VETERANS' BENEFITS, ACCOMPANIED BY ANDREW H. THORNTON, DIRECTOR OF EDUCATION AND REHABILITATION SERVICE; JUNE S. SCHAEFFER, ASSISTANT DEPUTY DIRECTOR FOR POLICY AND PROJECTS; CLARENCE G. GREENLAND, DIRECTOR OF BUDGET STAFF; JAMES COX, DIRECTOR OF VETERANS ASSISTANCE SERVICE; GERARD T. CAWLEY, DIRECTOR OF MANAGEMENT APPRAISAL STAFF; WILLIAM G. MALONE, ASSISTANT GENERAL COUNSEL; AND ROBERT DYSLAND, DEPUTY ASSISTANT GENERAL COUNSEL, VETERANS' ADMINISTRATION

Mr. WILSON. Mr. Chairman and members of the Committee, we are pleased to have this opportunity to speak to your Committee regarding the current status of the educational assistance allowance program. Many important developments have occurred during the past year and I wish to discuss them. The first area of consideration is new legislation—Public Laws 93-508 and 93-602. The second will be overpayments. The third will relate to certain problems which the VA has encountered in its administration of the program. The final topic will be proposed legislation presently pending before your Committee on which you have requested our view.

Public Law 93-508 had a profound impact on the extent of the educational assistance allowance program in terms of participation and scope of services offered to veterans and other eligible persons. Of course, the most important feature of this new law from the standpoint of veterans already on the rolls was payment of benefits at the new higher rates which you mentioned. Through advance planning by the Veterans' Administration in cooperation with the Department of the Treasury checks were released to a majority of eligible veterans and other eligible persons very promptly. In fact most received the retroactive benefit due by Christmas. The law was enacted December 3, 1974. More than 1,275,000 checks for approximately $227.9 million were distributed.

The new law had a further, more long range effect as well. At the present time the number of trainees under chapter 34 has increased substantially over the previous year. For example total chapter 34 trainees in fiscal year 1975 increased by 14.1 percent over the previous fiscal year. Similarly persons training under chapter 35 increased by 15.8 percent over the prior year. The chapter 31 trainees there has been an estimated decrease of approximately 7.9 percent.

Certainly the current economic situation in the United States has combined with the greatly higher rates of educational assistance allowance provided by these two laws to contribute to this dramatic change. The general trend has been for those veterans and service personnel who have eligibility to participate in this program as can be seen from the fact that 59.6 percent of such persons who served during the Vietnam era law have participated and only 50.5 percent of those who qualified during World War II participated.

Chairman HARTKE. Am I correct that we have seen a complete turnaround in participation of Vietnam veterans?

Mr. WILSON. Yes, sir. I think that would be a correct characterization, in terms of the greatly increased number of people who have come in.

Chairman HARTKE. As a result of this turn around in participation, will there be a revised estimate of the cost of the readjustment benefit?

Mr. WILSON. Yes, sir.

Chairman HARTKE. What was the original cost estimate for this fiscal year?

Mr. WILSON. Mr. Greenland who is our director of our budget staff will answer.

Mr. GREENLAND. The original estimate we had for our costs was about $4.2 billion and since that time we have gone in for an amendment of $1.2 billion, and even now we think that will not be enough. We are not sure how much the additional amount will be.

Chairman HARTKE. Your original estimate was $4.2 billion, and you have asked for an additional $1.2 billion, which is a total of $5.4 billion. However, am I not correct that an additional amount will be necessary to bring the total near $6 billion?

Mr. GREENLAND. Yes, sir.

Chairman HARTKE. Thank you. Please continue.

Mr. WILSON. Although Public Law 93-508 made two changes to the law which expand the eligibility of qualified veterans by permitting the person who has exhausted his or her basic entitlement to obtain up to 9 months of additional entitlement under certain circumstances and by permitting ACDUTRA to be used in computing basic entitlement under certain circumstances, we do not have a count of the persons who have availed themselves of these opportunities. These new provisions of law have been given wide publicity, however. We do know that schools are certifying enrollments for such students to the VA.

Public Law 93-508 provides that veterans who served after World War II, and before the Korean conflict, or after the Korean conflict, shall receive vocational rehabilitation benefits on a similar basis as those granted to veterans of World War II and the Korean conflict. Also veterans with compensable service connected conditions rated less than 30 percent disabling no longer must demonstrate a pronounced employment handicap to qualify for vocational rehabilitation so long as his or her delimiting date has not yet been reached.

The increase in the allowance rates, this liberalization of eligibility for chapter 31 benefits and the vast increase in chapter 34 trainees has resulted in a substantial increase in the current counseling workload. For example, the number of counseling cases in fiscal year 1975 is up by 12.9 percent over fiscal year 1974. Chapter 31 counseling cases increased 7.1 percent during this period. The chapter 34 counseling cases were up 29.6 percent and the chapter 35 cases were down 13.0 percent.

Public Law 93-508 enlarge the benefits available to the veterans by providing for loans to qualified veterans in amounts up to $600 per academic year based upon the income and expenses of the individual. This program is available to veterans and other eligible persons. The interest rate charged on the loan is 8 percent and a one-time loan fee of 3 percent is also charged. The loan program was effective January 1, 1975; but loans could be considered on the basis of the students' costs of education for the full term beginning in September 1974. Through June 30, 1975, a total of 6,999 applications have been received, 3,181 applications were approved, and 2,978 were denied. Approximately $1,095,465 have been loaned, through June 30, 1975.

The applicant must first have applied for and been denied a loan under the Higher Education Act. Since the number of veterans enrolled under chapter 34 during fiscal year 1975 approximated 2.7 million, we must infer that the average veteran is not interested in obtaining a loan because he or she knows that unlike a grant it must eventually be repaid, or the necessary loan funds are available through the Higher Education Act administered by the Department of Health, Education, and Welfare.

Chairman HARTKE. Rufus, that is an assumption, is it not? You don't have any studies on this, do you?

Mr. WILSON. Mr. Chairman, this program went into existence in the middle of the school year as opposed to the beginning. We would not have concrete information until the enrollment figures are over and if there is a substantial increase, our figures would then be correct.

Chairman HARTKE. When we originally created this program you made an estimate as to the number of veterans who would participate, did you not?

Mr. GREENLAND. Yes, sir, we did.

When we originally estimated the loan, we anticipated we would have 10 percent of the veterans in training that would be eligible and partake in this law which was 1,400,000. That is what our original estimate was based on and we are not coming anywhere near that at this time.

Chairman HARTKE. That would make approximately 140,000 veterans who would apply for a loan?

Mr. GREENLAND. That is correct.

Chairman HARTKE. Am I not correct that instead of 140,000, you have had approximately 7,000?

Mr. GREENLAND. Yes.

Chairman HARTKE. Do you have any reason for the disparity?

Mr. WILSON. We have to say that the original estimate was incorrect. We have to say also that information perhaps did not get out in complete form to the people who might be entitled.

Moreover people must be taking advantage of the Higher Education Loan Act of HEW. I think also that there is some evidence that the $270 allowance, for instance, for a single man might make it possible for a lot of people we previously thought would want to get loans not to now want them.

Chairman HARTKE. What on-going publicity and what kind of outreach program does the VA have to advise veterans of the availability of these loans?

Mr. WILSON. This information has been disseminated through all normal press release channels and stressed to our VA reps on campuses. Just recently a flyer has gone out to be posted on appropriate bulletin boards of all colleges and schools around the country, to make as many people as would be appropriate aware of the program.

Chairman HARTKE. Have you discussed this with the financial aid officers and veterans' representatives on the campuses?

Mr. WILSON. Yes, sir. It is my understanding that financial aid officers are aware of the program. There are other financial assistance programs on many campuses. I am certain they weigh one against the other. Maybe Mr. Thornton will also want to speak to this.

Mr. THORNTON. We did provide all of the information to the schools, the financial aid officers, and we provided application forms to them so that they are aware of it as well as our veterans' representatives on campus being aware of it.

Chairman HARTKE. Approximately 3,000 of the 7,000 applications for loans were denied. What is the basic reason for such a high rate of denial?

Mr. WILSON. The basic reason would be that it was determined that there was no need. There also have been applications where a man had not previously applied for a loan under the HEW program and thus had to be denied.

Mr. THORNTON. Some of them don't show the need of $50 or more; some of them do not submit complete information. We have a system where they can come to us for review if they are denied. So far we have received only one administrative appeal.

Chairman HARTKE. It seems to me that that is an awfully high rate of rejection. I understand that your estimate of the number of prospective applications may have been wrong when you estimated 140,000 veterans would apply, but instead you have 7,000 applications of which 3,000 were rejected.

It appears that we ought to examine carefully why the original estimate is in such substantial disparity with the number of applications and why the rejection rate is so high.

Mr. WILSON. We are taking a constant look at this, Senator. We, too, have been surprised by these figures. But we are impressed by the fact, as Mr. Thornton just mentioned, that out of all of the denials there has been only one appeal to the central office.

A great many applications are not allowed, Senator, because they are not complete or the people have not applied for this other loan under the HEW act.

Chairman HARTKE. How long do you think it will be before we have an analysis of the reasons for denials?

Mr. WILSON. I would think by the end of the calendar year we will have all the fall enrollment.

Chairman HARTKE. Will you provide that analysis to the Committee when it becomes available?

Mr. WILSON. Yes, sir.

[Subsequently, the following materials concerning the VA Education Loan Program were ordered placed in the record at this point:]

VETERANS ADMINISTRATION
DEPARTMENT OF VETERANS BENEFITS
WASHINGTON, D.C. 20420

Date JAN 1 1975
In Reply Refer to 224

VETERANS' AFFAIRS COMM.
RECEIVED
JAN 1
WASHINGTON, D.C. 20510

The Honorable
Vance Hartke
Chairman
Committee on Veterans Affairs
United States Senate
Washington, D. C.

Dear Mr. Chairman:

In response to requests from members of your staff, we are enclosing an advance copy of Appendix C of DVB Circular 20-74-113 relating to implementation of the Veterans and Dependents Education Loan Program and a copy of the application form. Advance copies of the circular were sent to our field stations on January 9, 1975 and copies of the application forms will be sent to them on January 11, 1975.

Pursuant to the provisions of section 1798 of title 38, United States Code we consulted with the Secretary of the Treasury who suggested the interest rate be set between 7 3/4 percent and 8 percent based on the schedule of certified interest rates with range of maturities to be used during the month of December 1974. It was also noted that the rate of interest set in the Higher Education Act of 1965, as amended, for Federally Insured Student Loans is 7 percent.

While the intent of the conference report is for consideration in that the interest rate should not exceed the Federally Insured Student Loan rate, we are required to follow the prescribed language of the law. Based upon the Treasury Department figures, we have set the rate of interest at 8 percent.

Sincerely yours,

JOSEPH J. MULONE
Acting Chief Benefits Director

Enclosures

Department of Veterans Benefits
Veterans Administration
Washington, D. C. 20420

DVB Circular 20-74-113
Appendix C
January 9, 1975

PROCESSING VA EDUCATION LOANS

1. PURPOSE. This appendix provides instructions for processing Veterans Administration education loans under PL 93-508.

2. GENERAL. The VA education loan program will provide an additional measure of assistance to those veterans and eligible persons whose educational expenses exceed financial resources. The loan program is effective January 1, 1975. However, veterans and eligible persons will be considered for a loan based upon the full amount of their tuition and all other costs of attendance incurred for the entire 1974-75 academic year beginning on or about September 1, 1974.

a. The amount the veteran or eligible person may borrow may not exceed $270 multiplied by the months of remaining entitlement at the beginning of the academic year or other period to which the loan is to apply. In no event may the loan amount exceed $600 in any one regular academic year, nor may it be less than $50.

b. Once a loan is approved, the veteran or eligible person must execute a promissory note (VA Form 22-8726) providing for repayment of principal and interest before the loan may be released. Repayment of both principal and interest is deferred during any period the student is enrolled and attending on a half-time-or-more basis. The loan becomes due and may be repaid in installments during a period commencing nine months after the student ceases to be at least a half-time student and ending ten years and nine months after such date. At the borrower's option, part or all of the loan may be prepaid without penalty. Interest will not accrue on the unpaid balance of the loan until the required beginning date of repayment.

c. A loan fee not to exceed 3 percent will be deducted from the approved loan amount for each eligible claimant to provide a fund to insure against defaults made under the loan program. Currently the loan fee is established at 3 percent. Any default shall be treated as an overpayment and recovered in the same manner as any other debt due the United States. However, if the veteran or eligible person dies or becomes permanently and totally disabled, his or her loan liability will be discharged.

3. ELIGIBILITY. An adjudicator or education claims clerk in the Adjudication Division will determine eligibility for loans and authorize the amount of loan to be paid. Authorization of loan amount will be made directly on each VA Form 22-8725, Application for Education Loan, in a manner similar to that now used for tutorial assistance claims. A supply of loan applications will be distributed to all field stations as soon as they are available. Field stations should distribute an initial supply of applications to all approved educational institutions within their jurisdiction offering courses for which a loan under this law may apply.

a. The veteran or eligible person must be enrolled in an approved educational institution on at least a half-time basis. Enrollment may be in either a course which does or does not lead to a standard college degree. However, if the course does not lead to a standard college degree, it must require the equivalent of at least six months full time training for completion. The law prohibits loans for claimants pursuing programs of correspondence, flight, apprentice or other on-the-job, or PREP training. In addition, students pursuing studies in institutions not located in a State (as defined in VA Regulation 11021(C)) are not eligible.

b. The applicant must have sought and been unable to obtain, in the full amount needed, a student loan under Title IV-B of the Higher Education Act of 1965, as amended (Guaranteed Student Loan Program). This student loan program is administered by the Department of Health, Education and Welfare, and is designed to make it possible for students to borrow from private lenders to help pay for the costs of training at universities, colleges and vocational schools. The Federal Government pays part of the interest for qualified students. Banks, savings and loan associations, credit unions, pension funds, insurance companies and similar institutions may be eligible to become lenders under the program. A student may apply to several different lenders at the same time for a Guaranteed Student Loan. Therefore, it must be ensured that a VA education loan applicant has exhausted all reasonable possibility of obtaining a Guaranteed Loan before a VA loan may be authorized.

4. AMOUNT OF LOAN. Each loan authorized is subject to maximum amounts as indicated in subparagraphs a and b below. Lesser amounts may be approved when need (educational costs less financial resources) is less or if a lesser amount is requested. No loan will be approved for less than $50.

Loan amounts approved will be rounded to the nearest dollar. For purposes of the loan program, "academic year" means the nine month period, usually from August or September to May or June, during which a student would complete two semesters or three quarters of instruction. "Summer term" means a summer session of at least ten weeks duration. In courses leading to other than a standard college degree, "month" means, in addition to a calendar month, any period of at least 30 days. To illustrate, a course commencing January 15, 1975, and ending July 12, 1975, would be five months, twenty-nine days in length or five months for purposes of the loan program. The same course ending July 13, 1975, would be six months in length.

a. Courses Organized on a Semester or Quarter Basis. The loan amount approved will be subject to the maximum limitations below. No loan may be approved for application to an intersession or other brief enrollment period of less than ten weeks duration. If the claimant indicates the loan will apply to an "academic year" plus the following summer term, the summer term must be at least ten weeks in duration; otherwise, the loan maximum of $600 applies. A loan application may apply to a maximum period of one academic year and following summer term. Subsequent applications will be required for each academic year and summer term, if applicable, thereafter.

Period	Maximum Loan
Academic year	$600
Semester	$300
Quarter or summer term	$200
Academic year and following summer term	$800
Quarter and following summer term	$400
Semester and following summer term	$500

b. Courses Not Organized on a Semester or Quarter Basis. Many courses not leading to a standard college degree are organized on a year-round or other-than-academic-year basis. The loan maximums for such courses will be proportionate to the limitations for a nine-month academic year. A loan application may cover up to twelve months of a course not organized on a school term basis. Subsequent applications will be required to apply for the balance of longer courses. After the first twelve months, a loan maximum of $200 may be authorized for each three months of enrollment. No loan may be authorized for a course which, if pursued on a full-time basis, would not be at least six months in length.

Length of Course (months)	Maximum Loan
6 through 8	$400
9 through 11	$600
12	$800

5. LOAN APPLICATION. The student will report financial resources and educational costs on the application. The school will certify the student's actual attendance at the educational institution, tuition, fees, and room and board charges (if paid to the school). In addition, the student must consult with the school financial aid officer to obtain the names of lenders known by the school to be currently providing funds under the Guaranteed Student Loan Program. The student must attach to the loan application a letter of denial from each institutional lender shown to have denied him or her a Guaranteed Student Loan. The application should not be submitted before classes are scheduled to begin. If an application is submitted in advance of classes, the student's actual attendance on at least a half-time basis must be confirmed with the school before the loan may be released. Loan applications will not be accepted later than the end of the term or calendar quarter for which any part of the loan is to apply; except that initial applications where the loan is intended to apply in whole or in part to an enrollment period commencing on or about September 1, 1974, will be accepted.

a. Period to Which Loan Will Apply. The claimant must indicate the term, academic year or other period to which the loan will apply. Educational costs for that period only, together with annual income prorated on the basis of such period, will be weighed in determining the loan amount to be authorized.

b. Financial Resources. All financial resources will be reported by the student.

(1) Financial Aid. Financial aid including other education loans, grants, scholarships, fellowships and family contributions for education must be reported. The student must list the lenders to whom he or she has applied for Guaranteed Student Loans, the amounts requested, the amounts received and the dates notified of the final decision made on the requested loan. The student is to consult with the school in obtaining the names of lenders

known by the school to be currently providing funds for the program. At least five lenders must be listed, unless fewer than five are known by the school to be participating in the Guaranteed Student Loan Program. A final decision must have been made on all Guaranteed Student Loan applications before a VA education loan may be authorized.

(2) VA Educational Assistance. The total amount to be received during the loan period should be counted. Besides monthly assistance, any benefits received from VA work study should be counted. The student must not only be entitled to, but must also be in receipt of educational assistance in order to be eligible for a loan.

(3) Cash Assets. Assets to be counted are limited to liquid assets held at the time the student completes the application (i.e., cash on hand, amount held in checkings and savings accounts, etc.). Stocks, bonds and similar assets are not to be counted.

(4) Income. The year in which the loan application is submitted will be the "base" year to be used for reporting income. For example, if the student applies in January 1975, for a loan to apply to the academic year commencing September 1974, the "base" year to be used is 1975. The student will estimate taxable income from all sources for the year (including spouse's income, if married) less Federal income taxes paid or payable on such income. The amount of reported income to be counted in determining the loan amount will be in proportion to the length of the student's course and the period to which the loan will apply as follows:

(a) Course organized on a semester or quarter basis:

Period to Which Loan Will Apply	Factor by Which Income Multiplied
Academic year	.75
One semester	.375
One quarter or one summer term (summer term of at least 10 weeks duration)	.25
Academic year plus following summer term	1.00
One quarter and following summer term	.50
One semester and following summer term	.625

(b) Course not organized on a semester or quarter basis:

Period to Which Loan Will Apply (months)	Factor by Which Income Multiplied
1 - 3	.25
4 - 5	.375
6 - 8	.50
9 - 10	.75
11 - 12	1.00

c. Costs of Attendance. The school will report tuition, fees, and room and board (if paid to the educational institution). The student will report, and the school will review the reasonableness of, other costs of attendance as follows:

(1) Books and supplies.

(2) Non-institutional room and board (if student does not pay room and board charges to educational institution).

(3) If the student does not live on campus, the costs of local commuting may be reported (charge by carrier or cost of driving not to exceed 12¢ per mile).

(4) Personal expenses reasonably related to school attendance may be counted. Veterans or eligible persons with dependents may include living expenses for the established dependents for whom support is provided from the resources reported.

d. Enrollment Data. In addition to reporting tuition and fees for all students, and room and board charges for those students paying such charges to the institution, the school must certify the student's actual pursuit of the course and the credit- or clock-hour load.

6. DETERMINING LOAN AMOUNT. When the application is received in the regional office, it will be associated with the claims or DEA folder and routed to the Adjudication Division. The adjudicator or education claims clerk must review each application on its own merits taking into account the wide range of variables that may apply to the individual student.

a. The loan amount authorized will be one of the following, whichever is the least:

(1) The amount by which the student's costs of attendance exceed his or her financial resources; or

(2) The maximum loan permitted for the student's period of enrollment as shown under paragraph 4 above; or

(3) The loan amount the student actually requests as shown on the application; or

(4) $270 times the student's months of remaining entitlement at the beginning of the period to which the loan is to apply.

No loan may be approved for less than $50 regardless of the period to which the loan is to apply.

b. VA Form 22-8727, Education Loan Worksheet, will be furnished field stations as soon as it is available. The worksheet should be completed in each loan determination and filed in the claims or DEA folder along with the loan application.

7. NOTIFICATION TO CLAIMANT. The adjudicator or education claims clerk will inform the claimant of the approval or denial of his or her loan application.

a. Loan Approved. The claimant will be sent a VA FL 22-891 notifying him or her of the approval and transmitting three copies of the promissory note. Both the cover letter and promissory note will be distributed to field stations as soon as they are available. Before transmittal, the adjudicator or education claims clerk will insert in the promissory note the loan amount approved and the current interest rate. The initial rate will be 8 percent and field stations will be informed of any change to that rate.

(1) When the signed promissory note (original and one copy) is returned by the claimant, it will be associated with the claims or DEA folder and routed directly to the Finance Division.

(2) Until such time as the control of loan cases is automated, the adjudicator or education claims clerk will flash the claims or DEA folder to identify the file as a loan case.

Any termination or reduction to less than half-time training, must be reported to the Finance Division by use of VA Form 3230 with a copy retained in the file. The specific date of termination or reduction must be reported as this date will affect the loan repayment schedule. Similar action will be taken when the student reenrolls on at least a half-time basis subsequent to the loan application period. When a loan case is found to contain an award action which was processed without the folder and which affects repayment; a rating for permanent and total disability; or a notice of death, the Finance Division will be notified immediately of the specifics of such action.

b. Loan Denied. A VA FL 22-892 to notify the claimant of denial will be furnished regional offices as soon as it is available. In the meantime, a dictated letter will be prepared to inform the claimant of the reason(s) for denial.

c. Right to Administrative Review. Loan determinations, other than those determinations involving basic eligibility to educational assistance, will not be subject to appellate review. The claimant will however, have the right to an administrative review of such determinations.

(1) Until such time as the approval and denial form letters are available, the adjudicator or education claims clerk will include the following statement in dictated notices of approval or denial:

> "If you do not agree with this determination, you may submit your reasons for such disagreement to this office and request an administrative review."

(2) If the claimant requests a review, he or she will be requested to submit any new or additional evidence available and informed of the right to a personal hearing to present new evidence or argument on any point of importance.

(3) After a hearing has been conducted and/or new or additional evidence has been presented, an administrative decision will be prepared to grant or deny the loan amount sought. The decision will be approved by the Adjudication Officer and the claimant will be informed of the decision made.

(4) If the claimant is not satisfied with the review made at the regional office level, he or she will be informed that a final administrative review may be made in Central Office, upon his or her request. If the claimant does request final administrative review, the claims or DEA folder will be forwarded to Central office through the Area Field Director (223).

8. PAYMENT AND REPAYMENT OF LOANS

a. Payment of the loan will be made by the Finance Division as soon as the signed promissory note is returned. A loan fee of 3 percent of the loan amount approved will be deducted to provide a fund to insure against defaults made under the loan program.

(1) If the loan applies to a course organized on a semester or quarter basis, the full loan amount, less loan fee, will be paid for a period not to exceed one academic year and following summer term ($800 maximum) as soon as possible after classes have begun and the student's actual attendance has been confirmed.

(2) If the loan applies to a course not organized on a term basis, the full loan amount, less loan fee, will be paid for an enrollment period not exceeding twelve months ($800 maximum) as soon as possible after classes have begun and the student's actual attendance has been confirmed.

b. Under the law, repayment of the loan commences nine months after the student ceases to be at least a half-time student. However, repayment of both principal and interest will be deferred during any period of enrollment on at least a half-time basis for which the student receives VA education benefits, even though the student may have made partial payment on a previous loan or loans.

9. RECORD OF LOAN ACTION. Until further instructions are received, the Adjudication Officer or designee will maintain a monthly record of loan actions by claim or Social Security number as follows (no local form or form letter will be developed for this purpose):

a. Number of applications received;

b. Number of loans approved;

c. Number of loans denied;

10. END PRODUCT. Until further notification, EP 220 will be assigned to loan determinations.

JOSEPH J. MULONE
Acting Chief Benefits Director

Distribution: CO: RPC 2900
FD FLD: RPC 2223, plus 10 additional copies for Finance in ROA; 201, 10 copies; VBC & VROC, 1 each
EX: HNSO & AR, 1 each

SCHEDULE OF CERTIFIED INTEREST RATES WITH RANGE OF MATURITIES TO BE USED DURING THE MONTH OF DECEMBER 1974

From	To	Rate
0 years - 6 months	0 years - 7 months	8%
0 years - 8 months	0 years - 9 months	7-7/8%
0 years - 10 months	4 years - 0 months	7-3/4%
4 years - 1 month	15 years - 9 months	7-7/8%
15 years - 10 months	19 years - 3 months	8%
19 years - 4 months	21 years - 6 months	8-1/8%
21 years - 7 months	On	8-1/4%

Department of Veterans Benefits
Veterans Administration
Washington, D. C. 20420

DVB Circular 20-74-113
Change 2
(Confirming Teletype Trans.)
January 20, 1975

INCREASE IN EDUCATIONAL ASSISTANCE BENEFITS FOR CHAPTERS 31, 34 AND 35 VIETNAM ERA VETERANS' READJUSTMENT ASSISTANCE ACT OF 1974

1. The requirement that the student apply to at least five lenders for a guaranteed student loan has been reduced to two lenders. The loan applications you now have (VA Form 22-8725, January 1975) should be amended to reflect this change before distribution to claimants. On the instruction sheet under "PART II - Resources ", lines 4 and 5, delete "five" and insert "two". On the application under "NOTE" following "PART II - Resources ", line 3, delete "five" and insert "two".

2. If loan applications have been distributed to schools, school officials should be contacted and informed of this change. The school or Vet-Rep should amend the loan application as shown in paragraph 1 before releasing to applicants.

3. Education loan applications, February 1975 Edition, is now being printed to reflect this change.

4. DVB Circular 20-74-113, appendix C, is changed as follows:

Page 5, paragraph 5b(1), lines 2 and 3: Delete "five" and insert "two".

JOSEPH J. MULONE
Acting Chief Benefits Director

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EX: HNSO & AR, 1 each

Department of Veterans Benefits
Veterans Administration
Washington, D. C. 20420

DVB Circular 20-74-113
Change 4
March 13, 1975

DVB Circular 20-74-113, appendix C, Processing VA Education Loans, is changed as follows:

Page 9, paragraph 9: Delete this paragraph and insert

"9. REPORTING

a. A report (including a negative report if no loan actions taken) will be submitted to the Area Field Director (042B21) on a quarterly basis showing the following information (no local form or form letter will be developed for this purpose):

(1) Number of loan applications received during current quarter;

(2) Number of loan applications received cumulatively for the program;

(3) Number of loan applications approved during current quarter (VA Form 22-8726, Promissory Note) released to claimant);

(4) Number of loan applications approved cumulatively for the program;

(5) Number of loan applications denied during current quarter; and

(6) Number of loan applications denied cumulatively for the program.

b. The first report will be prepared for the period ending March 31, 1975. All reports should be received in Central Office not later than the 10th workday following the end of the quarter.

c. Reports Control Symbol 22-10 is assigned."

Rufus H. Wilson
RUFUS H. WILSON
Chief Benefits Director

Distribution: CO: RPC 2900 plus (042B14), 2 copies
FD FLD: RPC 2223 plus 10 additional
copies for Finance in ROA;
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Department of Veterans Benefits
Veterans Administration
Washington, D. C. 20420

DVB Circular 20-74-113
Change 7
(Confirming Teletype Trans.)
June 16, 1975

DVB Circular 20-74-113, Appendix C, Processing VA Education Loans, is changed as follows:

Page 10, paragraph 1C: Delete this paragraph and insert:

"10. End Product. End product 230 is assigned to VA education loan actions effective 7-1-75. Work-rate standard for EP 230 is .70 hours. Pending loan actions which were established under EP 220 should be converted to EP 230 if final action is taken after 6-30-75. EP 230 cards may be requested from the servicing DPC."

Rufus H. Wilson
RUFUS H. WILSON
Chief Benefits Director

Distribution: CO: RPC 2900
FD FLD: RPC 2223

NOTE: Distribution of this change has been limited to only those activities concerned.

Department of Veterans Benefits
Veterans Administration
Washington, D. C. 20420

DVB Circular 20-75-47

May 8, 1975

EDUCATION LOAN REFERRAL ASSISTANCE

1. Purpose. This circular provides instructions for Vet Reps and Veterans Benefits Counselors regarding loan referral assistance for those veterans and other persons seeking education loans.

2. General.

a. Public Law 93-508 authorized VA education assistance loans to eligible veterans and eligible persons up to a maximum of $600 for each academic year. Current procedures provide that veterans, in order to be eligible for a VA education loan, must have applied for and been unable to receive in the full amount needed a Guaranteed Student Loan (under title IV-B of the Higher Education Act of 1965) as amended. Veterans must have been denied education loans by at least two lenders (unless fewer than two are known to be participating in the Guaranteed Student Loan Program) and be able to present letters of denial from each institutional lender shown to have denied him or her a Guaranteed Student Loan.

b. This circular will serve to advise Vet Reps on Campus and Veterans Benefits Counselors as to procedures for counseling veterans concerning other lending resources prior to seeking application with the Veterans Administration.

c. Veterans Services Officers will insure that contact with local lenders is made in order to promote their participation in a veteran educational loan program other than the VA program. Such contact should clarify the VA's role as established by Public Law 93-508. Local lenders should be encouraged to develop lending resources which may be guaranteed under the provisions of part B, title IV, of the Higher Education Act of 1965. Veterans Services Officers should bear in mind that the main purpose of these contacts is to attract new funds into the Guaranteed Loan Program.

d. Regional Office Directors will advise FRC's (Federal Regional Councils) and FEB's (Federal Executive Boards) of the program. Once again, stress should be placed on assistance in attracting new funds for the Guaranteed Loan Program. Station Directors should request assistance from these organizations for suggestions regarding additional steps to be taken within each regional office's area of jurisdiction.

3. Procedures

a. Vet Reps and Veterans Benefits Counselors will counsel and advise veterans and other persons as to what other Guaranteed Student Loan resources are currently available. Special attention should be directed toward banks and other lending institutions which grant educational loans.

b. Loan resources should be developed and maintained by all counselors for the purpose of effective referral. Such resources might include:

(1) Banks
(2) Savings and Loan Associations
(3) Credit Unions
(4) Pension Funds
(5) Insurance Companies
(6) College Loan Programs
(7) Other identified institutions

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Chief Benefits Director

Distribution: CO: RPC 2900
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EX: HNSO and AR, 1 each

Veterans Administration
Washington, D.C. 20420

July 21, 1975

EXCERPTS FROM

VA REGULATIONS

VOCATIONAL REHABILITATION AND EDUCATION–Transmittal Sheet 431

NOTE TO EDUCATIONAL INSTITUTIONS: This material constitutes the 109th change to VA Regulations under 38 U.S.C. chs. 34, 35 and 36 (pars. 14000 series).

Remove pages	**Insert pages**
None	287-i 287 and 288 289 and 290 291 and 292

Paragraphs revised	**Paragraphs added**	**Paragraphs canceled**
None	14500 14501 14502 14503 14504 14505 14506	None

EXPLANATION

The purpose of the following comments on the changes included in this amendment of VA Regulations is to inform all concerned why these changes are being made. The comments are not regulatory.

Transmittal sheets 416 through 431 implement the provisions of Public Law 93-508. This law has made extensive changes in the education programs resulting in a number of regulatory changes. The effective date for the changes covered by this transmittal is January 1, 1975, except that loans granted for the academic year which began on or about September 1, 1974 shall take into account the full amount of the actual cost of attendance which is incurred for that full academic year.

Paragraph 14500. This paragraph is new as are the succeeding paragraphs 14501-14506. They are intended to implement the provisions of Public Law 93-508, which added section 1798 to title 38, United States Code creating a new Veterans and Dependents Education Loan Program.

Congress intends that a student who is eligible for, and being paid, educational assistance allowance under section 1661 or subchapter II, chapter 35, title 38, United States Code may, if need is established, receive a limited loan with liberal interest and repayment terms. The amount is not to exceed $600 per academic year or the sum obtained by multiplying $270 times the number of months of entitlement remaining to the student at the beginning of the loan period, whichever is the lesser. This loan will enable the student to defer the partial cost of his or her education represented by the loan until later years when he or she is fully able to repay.

This paragraph provides definitions of terms which are unique to the loan program and which are not otherwise defined in VA Regulations. VA Regulations in the 11000, 13000 and 14000 series, and any terms therein defined, are applicable to the administration of the education loan program, to the extent that they are not inconsistent with VA Regulations 14500-14506.

Subparagraph (A) indicates that the terms defined in this paragraph are unique to the education loan program.

Subparagraph (B) provides the statutory authority for the education loan program. It is not to be confused with the preexisting revolving fund loan for eligible veterans training under chapter 31, title 38, United States Code. Such persons may not receive this education loan unless they are eligible and elect to train under either chapter 34 or 35 as indicated.

Subparagraph (C) defines the academic year in the same manner as the traditional fall to summer school year and does not include the summer terms(s).

Subparagraph (D) is necessary to indicate that loans will be granted for periods which do not conform to the academic year. If the course leads to a standard college degree loans will be granted if the course length is ten or more weeks. Courses not leading to such a degree also qualify if at least 6 months attendance at full-time rate is required.

Subparagraph (E) is required to demonstrate that the financial resources which are to be considered by the VA in ascertaining the student's need for an education loan are prescribed by the law and may not include all of the resources, in fact, available to the student.

Subparagraph (F) indicates those costs associated with obtaining an education which will be considered by the VA in ascertaining the student's need for an education loan.

Subparagraph (G) assesses the loan fee required by law for an education loan. The law states that the Administrator may not set a fee higher than 3 percent but may set a lower fee. The purpose of the fee is to establish a fund for defaulted loans. The Administrator has established a maximum rate of 3 percent effective January 1, 1975. It may be reduced in the future if experience indicates the fund is large enough.

Subparagraph (H) defines one of the financial resources included by law in the total amount of financial resources to be considered. If a veteran is married his or her spouse's income is for consideration.

Paragraph 14501. Subparagraph (A) indicates that loans will not be authorized unless the student is attending an institution in one of the States.

Subparagraph (A) (1) states that the student must not only be enrolled in a course but must also be in attendance and pursuing the course. He or she must be attending at a half time or greater rate. If the course does not lead to a standard college degree, the course must lead to an identified and predetermined professional or vocational objective and must require six months or more to complete if pursued at full-time rates.

Subparagraph (A) (2) provides that the individual must first have sought a specific type of loan allowed under the Higher Education Act. This loan must have been denied in whole or part. If the loan amount granted is insufficient to meet the student's education needs, as determined by VA Regulations he or she will be considered for an education loan under these provisions for the difference.

Subparagraph (A) (3) points out the Congressional intent that the individual is expected to have expenses other than for educational purposes which are a charge against his or her total financial resources. Only that portion of the person's resources which can be reasonably expected to be used for education needs is to be considered in determining the amount of any education loan to be authorized, if any. Obviously each applicant's case must be judged individually. If the portion of available resources required by the particular individual for education needs does not equal the cost of the education needs, the person is to be considered for a loan as determined by VA Regulation 14503.

Subparagraph (A) (4) states the statutory requirement that each loan shall be granted only upon an agreement between the student and the VA in the form of an appropriate promissory note from the veteran or eligible person to the VA.

Subparagraph (A) (5) states the type of educational assistance allowance to which the individual must be entitled in order to qualify for a loan. He or she must be paid for such entitlement.

Subparagraph (B) sets out the exclusions for persons otherwise found eligible under subparagraph (A). Thus even with need the veteran or eligible person whose training is in one of the types of training set out in subparagraph (B) (1) does not qualify. Nor does one who meets all of the requirements of subparagraph (A), who has been granted an earlier loan which is currently in default. Such defaulted loan must first be liquidated.

Paragraph 14502. Subparagraph (A) provides that the veteran or other eligible person shall not submit an application to the VA for a loan before the commencement of training since the loan may not be authorized until actual training is begun and the VA has confirmed this fact.

Subparagraph (B) (1) – (6) states the minimum information required of the applicant in order for the VA to make a determination that the loan is allowable. Subparagraph (B) (1) states that the tax information shall be for the current tax year in which the loan application is filed. If the veteran or eligible person seeks a loan for the academic year beginning in September 1974, the income sought is that received or expected, during the calendar year in which the application is filed.

Subparagraph (B) (2) is intended to inform the VA of all liquid assets of the applicant. If the individual knows at the time of the loan that during the loan period he or she shall have the right to draw money from a trust fund or will have substantial cash income this should be made known to the VA.

Subparagraph (B) (3) – (5) is intended to allow the individual to claim legitimate costs for tuition, books, supplies, housing, food, and transportation to classes if not living on campus. If the individual shares these expenses with another, whether his or her spouse or an unrelated person, the intent is that only the portion of the common expenses related to the veteran or other eligible person and members of his or her immediate household be considered. The expense attributed to a spouse living apart from the veteran shall be excluded as shall that portion of shared expenses of an unrelated roommate.

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Subparagraph (B) (6) is intended to provide the VA with evidence of compliance of the individual with the provisions of the law which require that the applicant shall have first sought aid under the insured loan program of DHEW.

Paragraph 14503. The purpose of this paragraph is to enumerate the rules to be applied by the VA to determine the actual amount of any loan authorized.

Paragraph (A) (1) specifies that the VA will first compute the amount of any includable resources of the veteran or eligible person as defined in VA Regulation 14500. This sum will be evaluated in terms of the portion of the total financial resources which may reasonably be expected to be available for the purposes of obtaining an education. Thus a veteran may be found to have total resources of $8000, but only $2000 of that amount may be reasonably expected to be spent on the costs of going to school.

Subparagraph (A) (2) provides that the actual costs of attendance may then be computed by the VA in accordance with VA Regulation 14500(F). If the costs are found to be equal to or less than the available resources of the veteran or eligible person as determined under subparagraph (A) (1) above ($2000 or less in our example), no loan shall be made. If the costs are in excess of the available resources a loan shall be granted.

Subparagraph (B) (1) states that if the veteran or eligible person only demonstrates an excess of cost over resources of $50 or less, no need exists.

Subparagraph (B) (2) states that if the amount of costs in excess of available resources as determined by subparagraph (A) exceeds $600 the loan may not exceed $600 per academic year. Furthermore, the amount of the loan may not exceed the sum obtained by multiplying $270 times the number of months of entitlement remaining to the veteran or other eligible person on the date that the academic year or other loan period is to commence. Thus, if the individual has cost exceeding resources of $1000 and two months of entitlement remaining at the beginning of an academic year, he or she will be entitled to a loan of $540. If he or she has three or more months of entitlement remaining he or she will be limited to $600. On the other hand if the cost-resource difference is only $200 in either of the preceding examples, the loan amount will be only $200.

Subparagraph (B) (3) defines the appropriate loan periods.

Subparagraph (B) (4) states the amount of the loan which will be authorized at any one time by the VA. Thus in our examples above if the veteran or eligible person was seeking the loan for an academic year consisting of two normal semesters, he or she would receive $540 at the beginning of the first semester in the first example, $600 in the second and $200 in the third. A new application would not be required for the second semester so long as the original application and agreement were for the entire academic year. However, no loan will be paid until the VA confirms that the student is in fact enrolled and pursuing the course.

Subparagraph (B) (5) merely reiterates the requirement that the student be in attendance.

Subparagraph (B) (6) makes clear that a person may receive more than one loan, but only one loan for a given loan period unless there is a change in his or her circumstances.

Subparagraph (B) (7) demonstrates that if an applicant requests a loan but does not qualify he or she may only reapply for the same loan period if there is a material change in economic circumstances which would demonstrate need. However, no loan will be revoked if the applicant has fully and honestly indicated his or her economic circumstances on the application, when, through no fault on his or her part, these circumstances are subsequently altered during the loan period.

Paragraph 14504. This paragraph is intended to provide the minimum requirements of the agreement (promissory note) to be entered into between the applicant and the VA.

Subparagraph (A) lists the basic information inherent in such an agreement.

Subparagraph (A) (3) specifies the terms of repayment. If a veteran or other eligible person, who has received a loan should ever drop out of school or should drop below half-time training, a full nine months consecutively must elapse before the loan becomes due. Thus, if the individual after three months should resume training at a half-time or greater rate, the loan does not become payable at this time and the three month period is no longer a factor. However, please note that if the individual has obtained more than one education loan under these provisions and such a nine month period occurs, all of the loans come due simultaneously since the repayment in each loan is conditional on the same event.

Subparagraph (A) (4) points out that an individual may at no penalty accelerate his payments either before or after they are due. Veterans and eligible persons are encouraged to do so.

Subparagraph (B) provides the method of determining the interest.

Subparagraph (C) shows the Congressional intent that the loan may be made on the signature of the individual.

Subparagraph (D) provides that if the loan is in default, in whole or in part, the veteran or other eligible person shall be notified of any overpayment and shall be advised of the intent of the government to collect.

Subparagraph (E) states the statutory provisions for remission of the loan on death or disability of the veteran or other eligible person.

Subparagraph (F) is intended to provide the procedures whenever an applicant shall have submitted fradulent information which was relied upon by the VA in granting a loan. Loans made on the basis of such information are void ab initio and are immediately repayable to the VA. The deferred payments provisions of the agreement do not apply since the agreement is void.

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Paragraph 14505. This paragraph is added to state the limits of advertising statements as to availability of VA education loans to be used by educational institutions in advertising designed to solicit students. This is a requirement of Conference Report 93-1240, page 34.

Paragraph 14506. This paragraph provides for administrative review of unfavorable determinations by the VA, if the veteran or eligible person so requests. No appeal shall lie to the Board of Veterans Appeals, however.

By direction of the Administrator:

Odell W Vaughn

ODELL W. VAUGHN
Deputy Administrator

Distribution: RPC: 2121
FD

EDUCATION LOANS

14500 Definitions

14501 Eligibility

14502 Applications

14503 Determination of Loan Amount

14504 Promissory Note

14505 Advertising

14506 Right to Administrative Review

[EDUCATION LOANS]

[14500 (§21.4500). DEFINITIONS

(A) **General.** These definitions shall be applicable for VA Regulations 14500–14506.] (Jan. 1, 1975)

[(B) **Education Loan.** A loan made by the VA to an eligible veteran or person pursuant to section 1798, title 38, United States Code.] (Jan. 1, 1975)

[(C) **Academic Year.** The nine-month period usually from August or September to May or June, which includes generally two semesters or three quarters.] (Jan. 1, 1975)

[(D) **Loan Period.** Loans are normally to be made for a quarter, semester, term, academic year or academic year plus a summer term. However, for courses which do not conform to the academic year, such as enrollments for students pursuing a course which does not lead to a standard college degree, a loan will be granted for a term of not more than 12 months provided the course requires at least 6 months at the full-time rate to complete.] (Jan. 1, 1975)

[(E) **Total Amount of Financial Resources.** This term means the total of the following:

(1) The annual adjusted effective income of the veteran or other eligible person, less Federal income taxes paid or payable by the veteran or other eligible person with respect to such income, as described in subparagraph (H).

(2) The amount of cash assets of the veteran or other eligible person, as described in VA Regulation 14502(B)(2).

(3) The amount of financial assistance received by the veteran or other eligible person under the provisions of title IV of the Higher Education Act of 1965, as amended.

(4) Educational assistance received or receivable by the veteran or eligible person under section 1661 or subchapter II of chapter 35, title 38, United States Code, exclusive of an education loan.

(5) Financial assistance received by the veteran or other eligible person under any scholarship or grant other than the one specified in subparagraph (E)(3).] (Jan. 1, 1975)

[(F) **Actual Cost of Attendance.** This term means the actual per student charges for tuition, fees, room and board (or expenses related to commuting a reasonable distance), books, and an allowance for such other expenses as are reasonably related to attendance at the institution at which the veteran or other eligible person is enrolled.] (Jan. 1, 1975)

[(G) **Loan Fee.** This shall be a fee collected by discounting the amount of any loan granted to a veteran or eligible person by an appropriate amount. The fee shall be collected for each separate loan authorized. Effective January 1, 1975, the amount of the fee shall be 3 percent of the total loan amount.] (Jan. 1, 1975)

[(H) **Annual Adjusted Effective Income.** This income shall be considered to be the net taxable income less the Federal income tax paid or payable of the veteran or other eligible person. It is not limited to such income which may be available for use by the veteran or other eligible person for education needs. The amount available for education needs is to be determined in accordance with VA Regulation 14503.] (Jan. 1, 1975)

[14501 (§21.4501) ELIGIBILITY

(A) **General.** An eligible veteran or other eligible person shall be entitled to an education loan if the program of education is pursued in a State and if such eligible veteran or other eligible person:

(1) At the time the loan is authorized, is in attendance at an educational institution on at least a half-time basis and

(a) Is enrolled in a course leading to a standard college degree, or

(b) Is enrolled in a course, the completion of which requires six months or longer, leading to an identified and predetermined professional or vocational objective;

(2) Has sought and is unable to obtain a loan for the academic year or other loan period in the full amount needed, as determined by VA Regulation 14503, under a student loan program insured pursuant to the provisions of part B of title IV of the Higher Education Act of 1965, as amended, or any successor authority;

(3) Has financial resources that may be reasonably expected to be expended for education needs which are insufficient to meet the expected actual cost of attendance;

(4) Executes a promissory note payable to the VA, as provided by VA Regulation 14504; and

(5) Is in receipt of educational assistance allowance under section 1661 or subchapter II of chapter 35, title 38, United States Code.] (Jan. 1, 1975)

[(B) **Exclusions.** No veteran or other eligible person shall be authorized an education loan who:

(1) Is pursuing a program of correspondence, flight, apprenticeship, or other on-job or PREP training, or

(2) Has defaulted on a previous education loan and there is a remaining unliquidated payment due the VA.] (Jan. 1, 1975)

[14502 (§21.4502). APPLICATIONS

(A) **General**. An application for an education loan by an eligible veteran or other eligible person may not be submitted to the Veterans Administration prior to the date training is to commence. The application shall be made in the manner prescribed and upon the forms prescribed by the VA. The application shall be certified by the school as to data required thereon from the school by the VA.] (Jan. 1, 1975)

[(B) **Information**. The application shall provide the VA with the following information and such other information as may be reasonable upon specific request:

(1) A statement of the amount of the net income of the veteran or other eligible person, less the Federal income tax paid or payable thereon, as reported or expected to be reported on the Federal income tax return of each such individual for the current tax year in which the application for the education loan is received by the VA.

(2) The amount of all funds of the veteran or other eligible person on hand on the date of the application including cash on hand, money in a bank or savings and loan association account, and certificates of deposit.

(3) The full amount of the tuition for the course to be paid by the veteran or other eligible person during the period for which the loan is sought.

(4) The amount of reasonably anticipated expenses for room and board to be expended by the veteran or other eligible person during the period for which the loan is sought, including a reasonable amount for commuting normal distances to classes if the student does not reside on campus.

(5) The anticipated reasonable cost of books and supplies required for the courses to be taken during the period for which the loan is sought.

(6) A copy of two decisions with reference to applications made by the veteran or other eligible person for student loans insured pursuant to part B, title IV of the Higher Education Act of 1965, as amended, or any successor authority, unless fewer than two lenders within normal commuting distance are known by the school financial aid officer to be participating in such program.] (Jan. 1, 1975)

[14503 (§21.4503). DETERMINATION OF LOAN AMOUNT

(A) **General**. The amount of the education loan shall be computed by:

(1) Determining the total amount of financial resources of the veteran or other eligible person, as defined in VA Regulation 14500(E), which may be reasonably expected to be expended for education needs in any academic year or other loan period.

(2) Subtracting the available resources determined in subparagraph (A) (1) from the actual cost of attendance, as defined in VA Regulation 14500(F), to obtain the net amount by which costs exceed the resources available for education needs. If the available resources and the costs are equal, or if the resources exceed the costs, no loan will be authorized.] (Jan. 1, 1975)

[(B) **Amount.** A loan shall be authorized in the amount of the excess of cost over available resources as determined in subparagraph (A) subject to the following limitations:

(1) If the costs exceed the available resources by $50 or less no loan shall be granted.

(2) The aggregate of the amounts any veteran or other eligible person may borrow for an education loan may not exceed the amount obtained by multiplying $270 times the number of months of educational assistance allowance to which the veteran or other eligible person is entitled under section 1661 or subchapter II of chapter 35, title 38, United States Code, on the date that training commences during the period for which the loan is sought, but in no event more than $600 in any one academic year.

(3) No single loan shall be authorized at one time for a period longer than the academic year plus the summer term, quarter or semester consisting of a course or courses aggregating at least 10 weeks in length in the case of a student pursuing a standard college degree or for a period longer than 12 months in the case of a student pursuing a course which does not lead to a standard college degree.

(4) If the loan period is for more than one term, quarter, or semester in the case of students pursuing a course leading to a standard college degree, or for more than six months in the case of students pursuing a course not leading to a standard college degree, the following maximum amounts shall be paid on the loan at the beginning of such term:

(a) $600 for an academic year.

(b) $800 for an academic year and following summer term.

(c) $400 for a quarter and following summer term.

(d) $500 for a semester and following summer term.

(e) $300 for any semester.

(f) $200 for any term of 10 weeks or more leading to a standard college degree which is not part of the normal academic year or for a quarter.

(g) $400 for a course not leading to a standard college degree six through eight months in length.

(h) $600 for a course not leading to a standard college degree nine through eleven months in length.

(i) $800 for a course not leading to a standard college degree twelve months in length.

(5) No amount authorized will be paid by the VA until the veteran or other eligible person is certified as being enrolled and actually pursuing the course.

(6) An eligible veteran or other eligible person may receive more than one loan covering separate loan periods subject to subparagraph (B) (3) and (7) of this paragraph.

(7) If the veteran or other eligible person has a material change in economic circumstances subsequent to the original application for a loan, he or she may reapply for an increase in an authorized loan or for a loan, if otherwise qualified, if no loan was originally granted. However, the VA will not decrease or revoke a loan once granted, absent fraud in the application.] (Jan. 1, 1975)

[14504 (§21.4504). PROMISSORY NOTE

(A) **General.** The agreement by the VA to loan money pursuant to section 1798, title 38, U. S. Code, to any eligible veteran or eligible person shall be in the form of a promissory note which shall include:

(1) The full amount of the loan.

(2) Agreement to pay a fee not to exceed 3 percent for an insurance fund against defaults.

(3) A note or other written obligation providing for repayment of the principal amount, and interest on the loan in annual installments over a period beginning nine months after the date on which the borrower first ceases to be at least a half-time student in the program for which he or she is to be enrolled and ending ten years and nine months after such date.

(4) A provision for acceleration of repayment of all or part of the loan, without penalty, at the option of the borrower.] (Jan. 1, 1975)

[(B) **Interest.** The promissory note shall advise the student that the loan shall bear interest, on the unpaid balance of the loan at a rate to be determined by the VA and Department of the Treasury. The interest shall accrue from the beginning date for repayment of the loan as determined by subparagraph (A) (3). The current average market yield on outstanding marketable obligations of the United States which have comparable terms of maturity shall be considered in determining this rate of interest. The rate shall be determined as of the date the agreement is executed and shall be a fixed amount.] (Jan. 1, 1975)

[(C) **Security.** The loan shall be made without security and without endorsement.] (Jan. 1, 1975)

[(D) **Default**. Whenever the VA determines that a default, in whole or in part, has occurred on any such loan the eligible veteran or other eligible person shall be notified that the amount of the default shall be recovered from the eligible veteran or other eligible person concerned in the same manner as any other debt due the United States.] (Jan. 1, 1975)

[(E) **Death or Disability**. If the eligible veteran or eligible person dies or becomes permanently and totally disabled, even though he or she ceases to be permanently and totally disabled subsequent to the granting of the loan, the remaining liability of such person for an educational loan shall be discharged.] (Jan. 1, 1975)

[(F) **Fraud**. Material misrepresentation of fact by the eligible veteran or eligible person, including omissions of relevant information, shall render the loan agreement null and void. The deferred payment provisions of the agreement shall not apply in such a case and the full amount of any loan balance shall become due and payable immediately. The amount due shall be recovered from the eligible veteran or eligible person in the same manner as any other debt due the United States.] (Jan. 1, 1975)

[(G) **Signature**. A veteran or eligible person may sign both the loan application and the promissory note required and payment of the amounts authorized will be made to such person, notwithstanding his or her minority, unless the person has a legal guardian. In such cases the legal guardian must sign and will be paid the loan amounts.] (Jan. 1, 1975)

[14505 (§21.4505). ADVERTISING

(A) **General**. No educational institution or training establishment shall include a statement in advertisements or brochures intended to solicit students as to the availability of education loans from the VA for eligible persons, except as provided in subparagraph (B).] (Jan. 1, 1975)

[(B) **Form**. The statement which is permitted shall be as follows:

"Certain eligible veterans and other eligible persons may qualify for a maximum educational loan of $600 per academic year from the Veterans Administration depending upon need. Applications for such loans shall be made to the Veterans Administration on forms prescribed by it."] (Jan. 1, 1975)

[14506 (§21.4506). RIGHT TO ADMINISTRATIVE REVIEW.–Loan determinations, other than those determinations involving basic eligibility to educational assistance, will not be subject to appellate review. The claimant will, however, have the right to an administrative review of such determinations.] (Jan. 1, 1975)

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CHAPTER 14. VA EDUCATION LOANS

14.01 GENERAL

Public Law 93-508, enacted December 3, 1974, established the VA education loan program. Title III of the Act, "Veterans and Dependents Education Loan Program," become effective January 1, 1975. However, loan eligibility for the first (1974-75) academic year of the program is based upon the full amount of tuition and fees for the entire 9-month academic year.

a. The veteran or eligible person must be enrolled in an approved educational institution on at least a half-time basis. Enrollment may be in either a course which does or does not lead to a standard college degree. However, if the course does not lead to a standard college degree, it must require the equivalent of at least 6 months' full-time training for completion. The law prohibits loans for claimants pursuing programs of correspondence, flight, high school, apprenticeship or other on-the-job, or PREP training. In addition, students pursuing studies in institutions not located in a State (as defined in VA Regulation 11021(C)) are not eligible.

b. The applicant must have sought and been unable to obtain, the full amount needed, a student loan under Title IV-B of the Higher Education Act of 1965, as amended (Guaranteed Student Loan Program). This student loan program is administratered by the Department of Health, Education and Welfare, and is designed to make it possible for students to borrow from private lenders to help pay for the costs of training at universities, colleges and vocational schools.

c. The amount the veteran or eligible person may borrow under the VA loan program may not exceed $270 multiplied by the months of remaining entitlement at the beginning of the academic year or other period to which the loan is to apply. In no event may the loan amount exceed $600 in any one regular academic year, nor may it be less than $50.

d. Before a loan may be released, the veteran or eligible person must execute a VA Form 22-8726, Promissory Note, providing for repayment of principal and interest. Repayment of both principal and interest is deferred during any period the student is enrolled and attending on a half-time-or-more basis.

e. A loan fee not to exceed 3 percent will be deducted from the approved loan amount for each eligible claimant to provide a fund to insure against defaults made under the loan program.

14.02 APPLICATION

The claimant will apply on VA Form 22-8725, Application for Education Loan. The application should not be submitted before classes are scheduled to begin. If an application is submitted in advance of classes, the student's actual attendance on at least a half-time basis must be confirmed with the school before a loan payment may be released. Loan applications will not be accepted later than the end of the enrollment period to which the loan is to apply (i.e., end of semester, academic year, etc.).

14.03 ELIGIBILITY

When VA Form 22-8725 is received in the regional office, it will be associated with the claims or DEA folder and routed to the Adjudication Division. An adjudicator or education claims clerk will determine loan eligibility and authorize the amount to be paid. Each application must be reviewed on its own merits, taking into consideration the wide range of variables that may apply to the individual student.

a. **Period to Which Loan Will Apply**. The claimant must indicate the term, academic year or other period to which the loan will apply. Educational costs for that period only, together with annual income prorated on the basis of such period, will be weighed in determining the loan amount to be authorized.

b. **Financial Resources**. All financial resources will be reported by the student.

(1) **Financial Aid**. The total amount of financial aid will be counted.

(a) The student must list the lenders to whom he or she has applied for Guaranteed Student Loans, the amounts requested, the amounts received and the dates notified of the final decision made on the requested loan. The student is to consult with the school in obtaining the names of lenders known by the school to be currently providing funds for the program. At least two lenders must be shown on the application unless less than two lenders are known by the school to be participating in the Guaranteed Student Loan program.

1. Denials of Guaranteed Student Loan applications must be supported by a statement of denial from the lender. VA Form 22-8725a, Supplement to Application for Education Loan, may be used to established Guaranteed Student Loan denials. (Students who have been denied a Guaranteed Student Loan because of bankruptcy or because they previously defaulted on a prior Guaranteed Student Loan are not eligible for a VA education loan.)

2. Applicants will not be burdened by making unreasonable applications for Guaranteed Student Loans when it is known that funds for such loans are not available. If the school financial aids officer or other official acting in this capacity can verify that no lenders within normal commuting distance are participating in the Guaranteed Student Loan program, his or her certification to this effect on the application will satisfy the requirement that the applicant sought and could not obtain a Guaranteed Student Loan.

(b) Other sources of financial aid including other education loans, grants, fellowships, scholarships and family contributions for education will also be counted.

(2) **VA Educational Assistance**. The total amount to be received during the loan period should be counted. Besides monthly assistance, any benefits received or expected from VA work study should be counted. The student must not only be entitled to, but must also be in receipt of educational assistance in order to be eligible for a loan.

(3) **Cash Assets**. Assets to be counted are limited to liquid assets held at the time the student completes the application (i.e., cash on hand, amount held in checkings and savings accounts, etc.). Stocks, bonds and similar assets are not to be counted. The total amount of countable assets will be used in determining loan eligibility.

(4) **Income**. The year in which the loan application is submitted will be the "base" year to be used for reporting income. For example, if the student applies in January 1975, for a loan to apply to the academic year commencing September 1974, the "base" year to be used is 1975. The student will estimate taxable income from all sources for the year (including spouse's income, if married) less Federal income taxes paid or payable on such income. The amount of reported income to be counted in determining the loan amount will be in proportion to the length of the student's course and the period to which the loan will apply as follows:

(a) Course organized on a semester or quarter basis:

Period to Which Loan Will Apply	Factor by Which Income Multiplied
Academic Year	.75
One semester	.375
One quarter or one summer term (summer term of at least 10 weeks duration)	.25
Academic year plus following summer term	1.00
One quarter and following summer term	.50
One semester and following summer term	.625

(b) Course not organized on a semester or quarter basis:

Period to Which Loan Will Apply (Months)	**Factor by Which Income Multiplied**
1 – 3	.25
4 – 5	.375
6 – 8	.50
9 – 10	.75
11 – 12	1.00

c. **Costs of Attendance.** The school will report tuition, fees, and room and board (if paid to the educational institution). The student will report, and the school will review the reasonableness of, other costs of attendance as follows:

(1) Books and supplies.

(2) Non-institutional room and board (if student does not pay room and board charges to educational institution).

(3) If the student does not live on campus, the costs of local commuting may be reported (charge by carrier or cost of driving not to exceed 12 cents per mile).

(4) Personal expenses reasonably related to school attendance may be counted. Veterans or eligible persons with dependents may include living expenses for the established dependents for whom support is provided from the resources reported.

d. **Enrollment Data.** In addition to reporting tuition and fees for all students, and room and board charges for those students paying such charges to the institution, the school must certify the student's actual pursuit of the course and the credit- or clock-hour load.

14.04 LOAN AMOUNT

The amount of loan to be authorized will be computed on VA Form 22-8727, Education Loan Worksheet. The loan amount approved will be rounded to the nearest whole dollar.

a. **Definitions.** For purposes of the loan program, "academic year" means the 9-month period, usually from August or September to May or June, during which a student would complete two semesters or three quarters of instruction. "Summer term" means a summer session of at least 10 weeks' duration. In courses leading to other than a standard college degree, "month" means, in addition to a calendar month, any period of at least 30 days. To illustrate, a course commencing January 15, 1975, and ending July 12, 1975, would be 5 months, 29 days in length, or 5 months for purposes of the loan program. The same course ending July 13, 1975, would be 6 months in length.

b. **Maximum Loan Amounts.** Each loan authorized is subject to the maximum amounts as indicated below.

(1) **Courses Organized on a Semester or Quarter Basis.** No loan may be approved for application to an intersession or other brief enrollment period of less than 10 weeks' duration. If the claimant indicates the loan will apply to an "academic year" plus the summer term, the summer term must be at least 10 weeks in duration; otherwise, the loan maximum of $600 applies. *NOTE: The summer term may precede, follow, or be in the middle of an academic year.* A loan application may apply to a maximum period of 1 academic year and a summer term. Subsequent applications will be required for each academic year and summer term, if applicable, thereafter.

Period	Maximum Loan
Academic year	$600
Semester	$300
Quarter or summer term	$200
Academic year and summer term	$800
Quarter and summer term	$400
Semester and summer term	$500

(2) **Courses Not Organized on a Semester or Quarter Basis.** Many courses not leading to a standard college degree are organized on a year-round or other-than-academic-year basis. The loan maximums for such courses will be proportionate to the limitations for a 9-month academic year. A loan application may cover up to 12 months of a course not organized on a school-term basis. Subsequent applications will be required to apply for the balance of longer courses. After the first 12 months, a loan maximum of $200 may be authorized for each 3 months of enrollment. No loan may be authorized for a course which if pursued on a full-time basis, would not be at least 6 months in length.

Length of Course (Months)	Maximum Loan
6 through 8	$400
9 through 11	$600
12	$800

c. **Minimum Loan Amounts.** Loan amounts less than the maximums may be approved when need (educational costs less financial resources) is less than the maximum or if the claimant requests a lesser amount on the application. A loan will not be approved for an amount less than $50.

14.05 LOAN APPROVAL

The adjudicator or education claims clerk will send the claimant VA FL 22-891, together with three copies of VA Form 22-8726. Before release, the claimant's name, VA file number, loan amount approved and current interest rate will be inserted in the promissory note.

a. Until such time as the control of loan cases is automated, the adjudicator or education claims clerk will flash the claims or DEA folder to identify the file as a loan case. Any termination or reduction to less than half-time training, must be reported to the Finance activity by use of VA Form 3230, Reference Slip, with a copy retained in the file. The specific date of termination or reduction must be reported as this date will affect the loan repayment schedule. Similar action will be taken when the student reenrolls on at least a half-time basis subsequent to the loan application period. When a loan case is found to contain an award action which was processed without the folder and which affects repayment, a rating for permanent and total disability, or a notice of death, the Finance activity will be notified immediately.

b. When the signed promissory note (original and one copy) is returned by the claimant, it will be associated with the claims or DEA folder and routed directly to the Finance activity for processing of the loan check.

14.06 LOAN DENIAL

If the claimant does NOT qualify for a loan, VA FL 22-892 will be furnished.

a. An incomplete application is not a proper basis for denial. Incomplete applications should be developed for necessary information and EP 230 established as a pending end product.

b. Denial for failure to furnish requested information is proper only after the request has been made and the information is not timely furnished.

14.07 ADMINISTRATIVE REVIEW

Loan determinations, other than those determinations involving basic eligibility to educational assistance, will not be subject to appellate review. The claimant will, however, have the right to an administrative review of such determinations.

a. If the claimant requests a review, he or she will be requested to submit any new or additional evidence available and informed of the right to a personal hearing to present new evidence or argument on any point of importance.

b. After a hearing has been conducted and/or new or additional evidence has been presented, an administrative decision will be prepared to grant or deny the loan amount sought. The decision will be approved by the Adjudication Officer or designee not lower than a section chief (unit chief in reorganized stations) and the claimant will be informed of the decision made.

c. If the claimant is not satisfied with the review made at the regional office level, he or she will be informed that a final administrative review may be made in Central Office upon his or her request. If the claimant does request final administrative review, the claims or DEA folder will be forwarded to Central Office through the Area Field Director (223).

14.08 PAYMENT OF LOAN

a. Payment of the loan will be made by the Finance activity as soon as the signed promissory note is returned. A loan fee not to exceed 3 percent of the loan amount approved will be deducted to provide a fund to insure against defaults made under the loan program.

(1) If the loan applies to a course organized on a semester or quarter basis, the full loan amount, less loan fee, will be paid for a period not to exceed 1 academic year and following summer term ($800 maximum) as soon as possible after classes have begun and the student's actual attendance has been confirmed.

(2) If the loan applies to a course not organized on a term basis, the full loan amount, less loan fee, will be paid for an enrollment period not exceeding 12 months ($800 maximum) as soon as possible after classes have begun and the student's actual attendance has been confirmed.

14.09 REPAYMENT OF LOAN

Under the law, repayment of the loan must commence 9 months after the student ceases to be at least a half-time student and the loan must be repaid within 10 years and 9 months after that date. However, repayment of both principal and interest will be deferred during any period of enrollment on at least a half-time basis for which the student receives VA educational assistance, even though the student may have made partial payments on a previous loan or loans. No interest will accrue on the unpaid balance of the loan until the beginning date of repayment.

a. Repayment of both principal and interest may be made on the installment plan or in one lump sum. There is no penalty for prepaying all or part of the loan.

b. A loan default will occur when the borrower fails to meet the agreed-upon repayment schedule. A default shall be treated as an overpayment and recovered in the same manner as any other debt due the United States.

14.10 STATISTICS

a. A report (including a negative report if no loan actions taken) will be submitted to the Area Field Director (042B21) on a quarterly basis showing the following information (no local form or form letter will be developed for this purpose):

(1) Number of loan applications received during current quarter;

(2) Number of loan applications received cumulatively for the program;

(3) Number of loan applications approved during current quarter (VA Form 22-8726, Promissory Note, released to claimant);

(4) Number of loan applications approved cumulatively for the program;

(5) Number of loan applications denied during current quarter; and

(6) Number of loan applications denied cumulatively for the program.

b. All reports should be received in Central Office not later than the 10th workday following the end of the quarter.

c. Reports Control Symbol 22-10 is assigned.

14.11 END PRODUCT

EP 230 will be recorded for loan approvals or denials. EP 290 will be recorded for administrative reviews required by paragraph 14.07b.

VETERANS ADMINISTRATION

APPLICATION FOR EDUCATION LOAN

(For Veterans and eligible persons enrolled under Chap. 34 or 35, Title 38, U.S.C.)

IMPORTANT: Before completing this form, please read the instructions carefully on the attached sheet. Type or print answers in ink. If additional space is necessary, attach separate sheets and key answers to item numbers.

PART I - IDENTIFICATION DATA

1. [illegible]	2. [illegible]	3. [illegible]
4. [illegible]	5. [illegible]	6. [illegible]
	7. [illegible]	
8. MARITAL STATUS ☐ SINGLE ☐ MARRIED ☐ DIVORCED ☐ SEPARATED ☐ WIDOWED		9. [illegible]
10. [illegible] ☐ A. ACADEMIC YEAR (9 MONTHS) ☐ B. SEMESTER ☐ C. QUARTER ☐ D. SUMMER TERM ☐ E. [illegible]		11. [illegible] MONTHS

PART II - RESOURCES

NOTE: You must have applied for and been unable to obtain in the full amount needed a Guaranteed Student Loan (under Title IV-B of the Higher Education Act of 1965, as amended) with those lenders known to your school's Financial Aid officer, or other authorized official, as offering such funds on a [illegible] basis. Enter data in Item 11A regarding such applications to at least two lenders, unless there are fewer than two from which such funds are available. If denied a loan, attach a statement of denial from each lender.

DESCRIPTION		AMOUNT REQUESTED	DATE NOTIFIED	AMOUNT APPROVED
11A. NAME AND ADDRESS OF LENDER		$		$
	TOTAL			
11B. NATIONAL DIRECT STUDENT LOAN				$
11C. [illegible]				
11D. [illegible]				
11E. COLLEGE WORK-STUDY				
11F. [illegible]				
11G. [illegible]				
	11H. TOTAL (Items 11A through 11G)			$

12. [illegible]		13. [illegible]
NOTE: [illegible]		
A. [illegible]	$	
B. [illegible]		
C. [illegible]		$
D. [illegible]		14. [illegible]
E. TOTAL	$	$

VA FORM 22-8725

PART III - COSTS AND ENROLLMENT DATA

15. RELATED EDUCATIONAL EXPENSES

(This item to be completed by STUDENT and reviewed by SCHOOL.)

A. BOOKS	$	E. OTHER (List)	
B. SUPPLIES			
C. NON-INSTITUTIONAL ROOM AND BOARD			
D. COMMUTING EXPENSES		F. TOTAL	$

16. INSTITUTIONAL CHARGES AND ENROLLMENT DATA *(To be completed by SCHOOL.)*

A. NAME OF EDUCATIONAL OR VOCATIONAL OBJECTIVE FOR WHICH CURRENTLY ENROLLED	B. EXPECTED DATE OF GRADUATION

C. ENROLLMENT - EFFECTIVE DATES OF LOAN PERIOD *(See item 10)*		D. NUMBER OF HOURS		E. CHARGES FOR PERIOD OF INSTRUCTION		
SCHOOL OPERATING ON TERM BASIS - *Enter beginning and ending dates of academic year or term for which enrolled.* OTHER SCHOOL - *Enter first and last date of scheduled attendance.*		*Enter credit hour load or clock hours of attendance per week for each period of enrollment.*		*Enter total charges for enrollment period shown in Item 16c* *(Do Not include cost of books and supplies under fees.)*		
BEGINNING	ENDING	CREDIT	CLOCK	TUITION	FEES	RM. AND BOARD

PART IV - CERTIFICATIONS

SCHOOL CERTIFICATION: (1) Facts stated above by this institution are true and correct; (2) Facts stated by student in Part III, Item 15 have been reviewed and appear reasonable; (3) The lenders listed by the student in Item 11A include those known to this educational institution to be currently providing funds under Part IV-B of the Higher Education Act of 1965, as amended; (4) This institution agrees to report promptly to the VA any enrollment changes made in the student's institutional records which will affect his or her educational loan.

17. DATE SIGNED	18. SIGNATURE AND TITLE OF CERTIFYING OFFICIAL	19. NAME AND ADDRESS OF SCHOOL

STUDENT CERTIFICATION: I request a loan in the amount of $__________________ and, I hereby certify that: (1) Facts which I have stated in Parts I, II and III above are true and correct to the best of my knowledge and belief; (2) this loan will be used only for educational purposes during the period to which this application applies (3) I understand that a fee of 3 percent of the approved loan amount will be deducted to insure against default on loans made under this law.

20. SIGNATURE OF STUDENT	21. DATE

CAUTION - WILLFUL FALSE STATEMENTS CONCERNING MATTERS IN ANY DOCUMENT REQUIRED BY THIS LAW MAY SUBJECT THE PERSON TO FINE OR IMPRISONMENT OR BOTH.

FOR VA USE ONLY

ACTION TAKEN		APPROVED	AMOUNT 00	SCHOOL FACILITY NUMBER	**PAYMENT DATA** LOAN NUMBER EL
		DISALLOWED (Give Reason)			SCHEDULE NUMBER
SIGNATURE OF ADJUDICATOR			DATE	STATION NO.	DATE

INFORMATION AND INSTRUCTIONS FOR APPLICATION FOR EDUCATION LOAN

1. GENERAL INFORMATION

A. Eligibility. A veteran or eligible person who: (1) is in attendance at an educational institution on at least a half-time basis; and

(2) is enrolled in a course leading to a standard college degree, or in a course not leading to a standard college degree which requires the equivalent of at least six months full-time training for completion; and

(3) has sought and is unable to obtain a loan, under the Guaranteed Student Loan Program (Title IV-B of the Higher Education Act of 1965, as amended) administered by the Department of Health, Education and Welfare, in the full amount needed for pursuit of his or her course;

may apply for a Veterans Administration educational loan.

B. Restrictions. NO LOAN SHALL BE MADE to an eligible veteran or person pursuing (1) a program of education outside of the United States, its territories and possessions, the Commonwealth of Puerto Rico and the Canal Zone; or (2) a program of correspondence, flight, apprentice or other on-the-job, or PREP training.

C. Loan Amount. The amount of loan which can be approved is determined by the amount which the student's educational expenses exceed his or her available financial resources, but not in excess of $600 in any one regular (nine-month) academic year, nor less than $10 for any period. The maximum amount which any one person may borrow may not exceed $270 for each month of remaining entitlement to VA educational assistance, determined as of the beginning date of the enrollment period for which the loan application is made. Additionally, loan amounts are subject to the following limitations:

(1) Courses Organized on a Term Basis

Period	Maximum Loan
Academic year*	$600
Semester	300
Quarter or Summer Session**	200
Academic year plus Summer Session	800
Semester plus Summer Session	500
Quarter plus Summer Session	400

*"Academic year" means the nine-month period, usually from August or September to May or June, which is ordinarily divided into two semesters or three quarters.
**"Summer Session" means a designated summer term of at least six weeks duration.

(2) Courses not Organized on a Term Basis

Length of Course	Maximum
3 Months	$200
6 through 8	$400
9 through 11	600
12	600

D. Application Period. Applications should be submitted as soon as possible after classes actually begin. An application will not be accepted later than the end of a term or calendar quarter for which any part of the loan is to apply (except for terms commencing on or about September 1, 1974).

E. Loan Payments. An approved loan which is intended to apply to (1) an enrollment period of more than one term, or (2) to two or more calendar quarters (where the school operates on other than a term basis), will be paid after the beginning of the first term or quarter (refer to loan limitations under paragraph 1C, above). A fee not to exceed 3% will be collected prior to payment in order to provide a fund to insure against defaults under this law.

F. Loan Repayment. The loan and interest become due nine months after the student ceases to be a half-time student and may be repaid in installments over the next ten years and nine months after that date. Repayment is deferred if the student reenrolls on a half-time or more basis and is eligible to receive VA education benefits. When the loan does become due, repayment may be made in ten annual installments. There is no penalty for prepaying all or part of the loan amount.

2. INSTRUCTIONS TO STUDENT FOR COMPLETING APPLICATION

Part I. Please provide complete information. Eligible persons receiving Dependents Educational Assistance must provide their full VA File Number including letter suffix in Item 3.

Item 10. It is important to indicate the period to which the loan will apply since this governs the amount of income to be counted and the maximum loan amount. If you plan to attend a summer session in addition to the nine-month academic year check both "academic year" and "summer session".

PART II. Resources

Item 11A. Obtain names of lenders known to be currently providing funds under the Guaranteed Student Loan Program (GSLP) from the school financial aid officer or other knowledgeable official. List any other lenders to whom you have applied. At least two lenders must be shown unless fewer than two are known to be participating in the GSLP. Show the date you were notified of the approval or denial of your GSLP application. A final decision must have been made on all GSLP applications before this application is submitted to the VA. NOTE: If denied a Guaranteed Student Loan, obtain a statement of denial from each denying lender and submit a copy of same with this application.

Item 13. Include regular G.I. Bill allowance, plus VA work study benefits if applicable.

Item 14. Estimate taxable income from all sources (e.g., wages, salary, dividends, etc.) less federal income taxes paid or payable for yourself (and spouse if married) for current year.

Part III. Cost and Enrollment Data

Item 15. Report only those related expenses which will be incurred during the period to which the loan will apply.

Item 15C. Complete only if room and board charges are not paid to school.

Item 15H. If not living on campus complete to show estimated cost of commuting to school by carrier or cost of driving (not to exceed 12¢ per mile).

Item 15I. List other items of expense directly related to attendance. Students with dependents may include living expenses for those dependents for whom support is provided from the resources listed.

IMPORTANT: For assistance or information contact your "Vet Rep On Campus" if one has been assigned to your school, or the Veterans Services Division of the Veterans Administration Regional Office for your area (consult the local telephone book for the number) or check with your Veterans Affairs Office on the campus.

3. INSTRUCTIONS TO SCHOOL

The educational institution will complete Part III, Items 16A through 16E. It will also be responsible for reviewing the reasonableness of the student's entries in Item 15.

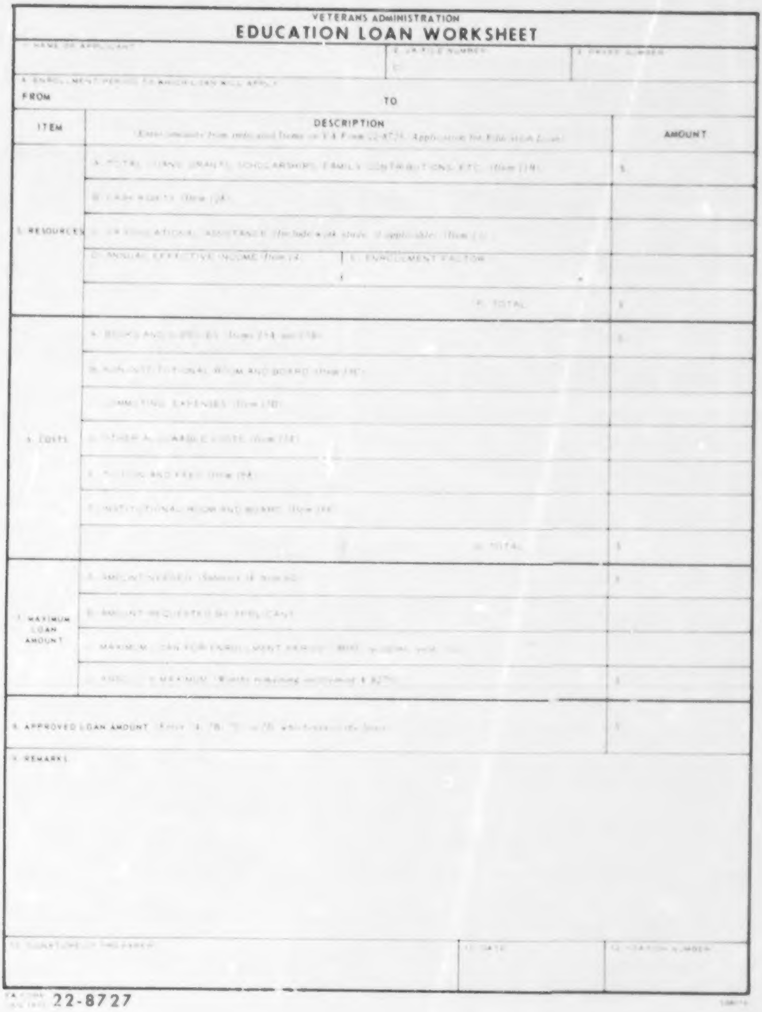
Item 16C. Certify actual pursuit of course only for loan period shown in Item 10 (i.e., academic year, one semester or quarter, etc.).

Item 16E. If student lives on campus or otherwise pays room and board charges to the educational institution, report only such charges as are applicable to the loan period.

4. PROMISSORY NOTE

The applicant will be notified of the decision made on his or her VA loan request. If a loan is approved, a promissory note will be sent to the applicant. The note will show the loan amount approved, the interest (presently 8%) and repayment provisions. The applicant must sign and return the note to the VA before the loan payment may be released.

EXISTING STOCKS OF VA FORM 22-8725, JAN 1975, WILL BE USED.



VETERANS ADMINISTRATION

EDUCATION LOAN WORKSHEET

1. NAME OF APPLICANT	2. VA FILE NUMBER C	3. PHONE NUMBER
4. ENROLLMENT PERIOD TO WHICH LOAN WILL APPLY FROM	TO	

ITEM	DESCRIPTION *(Enter amounts from indicated Items on VA Form 22-8725, Application for Education Loan)*	AMOUNT
5. RESOURCES	A. TOTAL LOANS, GRANTS, SCHOLARSHIPS, FAMILY CONTRIBUTIONS, ETC. *(Item 11B)*	$
	B. CASH ASSETS *(Item 12A)*	
	C. VA EDUCATIONAL ASSISTANCE *(Include work study, if applicable) (Item [illegible])*	
	D. ANNUAL EFFECTIVE INCOME *(Item 14)* $ | E. ENROLLMENT FACTOR ×	
	F. TOTAL	$
6. COSTS	A. BOOKS AND SUPPLIES *(Items 7A and 7B)*	$
	B. NONINSTITUTIONAL ROOM AND BOARD *(Item 7C)*	
	C. COMMUTING EXPENSES *(Item 7D)*	
	D. OTHER ALLOWABLE COSTS *(Item 7E)*	
	E. TUITION AND FEES *(Item 9A)*	
	F. INSTITUTIONAL ROOM AND BOARD *(Item 9B)*	
	G. TOTAL	$
7. MAXIMUM LOAN AMOUNT	A. AMOUNT NEEDED *(Subtract 5F from 6G)*	$
	B. AMOUNT REQUESTED BY APPLICANT	
	C. MAXIMUM LOAN FOR ENROLLMENT PERIOD [illegible]	
	D. ANNUAL [illegible] MAXIMUM *([illegible] $ [illegible])*	$
8. APPROVED LOAN AMOUNT *(Enter 7A, 7B, 7C or 7D, whichever is the least)*		$
9. REMARKS		
10. SIGNATURE OF PREPARER	11. DATE	12. STATION NUMBER

VA FORM 22-8727

veterans administration
810 vermont avenue washington d.c. 20420

VA Pamphlet 22-75-5
October 1975

VETERANS ADMINISTRATION EDUCATION LOANS FOR VETERANS AND DEPENDENTS

* * *

Public Law 93-508

Public Law 93-508 (enacted Dec. 1974) established a new VA education loan program for veterans and dependents enrolled under the GI bill or the Dependents Educational Assistance program.

Your Check .....

VA EDUCATION LOANS

Direct loans from the VA of up to $600 per academic year are available for students needing assistance beyond regular VA allowances in order to meet educational costs.

WHO IS ELIGIBLE?

Any student enrolled under the GI bill or the Dependents Educational Assistance program meeting the following requirements:

Enrolled in a school in the United States, its territories and possessions, the Commonwealth of Puerto Rico or the Canal Zone.

Enrolled on at least a half-time basis in a course leading to a standard college degree, or in a course of at least 6 months' duration which leads to a professional or vocational objective. (No loans are made for correspondence, flight, high school, or on-the-job training.)

Applied for and been unable to receive, in the full amount needed, a Guaranteed Student Loan administered by the U.S. Department of Health, Education and Welfare.

Established that available financial resources (including Guaranteed Student Loan funds) are not sufficient to meet educational costs.

* * *

AMOUNT OF LOAN

Students enrolled in a standard college degree program may borrow up to $600 per academic year. Lesser amounts are available for shorter periods of enrollment. For example, you may borrow up to $300 for one semester or $200 for one quarter. If you plan to enroll in a third semester, fourth quarter or summer session of at least 10 weeks' duration in addition to the academic year, you may borrow up to $800.

INTEREST RATE

The interest rate for VA Education Loans is currently 8% per annum on the unpaid balance. No interest accrues on the loan balance until the beginning date of repayment.

A loan fee (currently 3% of the loan amount) is deducted from the loan in order to establish an insurance fund for defaults. Therefore, if a loan of $600 is approved, you will actually receive $582.

REPAYMENT OF THE LOAN

Repayment may be made in annual, semiannual, quarterly or monthly installments. There is no penalty for repaying in advance all or any part of the loan.

The period of repayment begins 9 months after you cease to be at least a half-time student. You have 10 years in which to repay the loan.

Repayment of both principal and interest is deferred during any period of enrollment on a half-time or more basis under the GI bill.

HOW TO APPLY

For applications (VA Form 22-8725, VA Application for Education Loan) and further information, contact the Vet Rep on Campus if one has been assigned to your school, the school financial aid officer, or the Veterans Services Division of the VA Regional Office serving your area. (Many VA offices have toll-free telephone lines—consult your local telephone book for the number.)

Distribution: VA Form 3-7225 and 3-7225a
FD (Includes VBC and VRDC, 1 each)
EX: HNSO, 10 each, and AH, 1 each)

VA Pamphlet 22-75-5

VETERANS ADMINISTRATION
WASHINGTON, D.C. 20420

OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE, $300

POSTAGE AND FEES PAID
VETERANS ADMINISTRATION
VA-901

U.S. MAIL

604 East Owen Graduate Center
Michigan State University
E. Lansing, Michigan 48824
October 29, 1975

RECEIVED
NOV 03 1975
WASHINGTON, D.C.

The Honorable Vance Hartke
Chairman Veteran's Affairs Committee
313 Russell Building
Washington, D.C. 20510

Dear Senator Hartke,

First of all, I want to thank you for your endeavors in behalf of the Veterans. I believe you are generally and sincerely concerned about their welfare.

I have recently discovered why so few (less than 400) applications for Veteran's loans have been forwarded. These loans are next to impossible to obtain. The V.A., of course, wishes to remain a lender of last resort. This means that the procedure for obtaining permission to apply involves the refusal of a loan by two banks, the refusal for a Guaranteed Student Loan from the institution itself, and proof of these refusals.

Now, even after being refused a loan by the institution, the V.A. requires approval from the institution before it (the V.A.) will process the loan. This means that the institution which refused the loan in the first place has to approve the V.A. loan. Does this make sense? To add to this, the Financial Aid office of the school I attend, Michigan State University, has added an across-the-board employment expectation for the school year of $750 for all students receiving financial aid. This would make sense if everyone could find a job--but with almost 10% of the eligible working population unemployed?

Some schools, and M.S.U. is one of them, do not participate in the V.A. loan program, which means that an individual must return what little financial aid the school has already given him before he can apply for a loan--but then again, he must apply (again!) for the Guaranteed Student Loan and not the V.A. loan! Does anything make any sense?

I believe the V.A. loan to be one of the biggest shams ever foisted upon the Veteran. It was presented with such Madison Avenue fervor that I, myself, began to believe that here indeed was an opportunity to obtain aid when all other avenues and processes failed. Coupled with the refusal to extend education benefits to 45 months for graduate students, this is a very bitter pill to take.

In times of depression, or recession, the schools have shown an increase in attendance, and now, there are some persons, as myself, who have virtually educated themselves out of a job. Is it so insane then for us to want to stay in school to work for a Ph.D. in hopes that employment opportunities will open

604 East Owen Graduate Center
Michigan State University
E. Lansing, Michigan 48824
October 29, 1975

The Honorable Vance Hartke
Chairman Veteran's Affairs Committee
313 Russell Building
Washington, D.C. 20510

Page 2,

up in two years? I hope not. The insanity lies in that any person can be considered over-educated. This country has too much potential to halt its growth over so inane a proposition.

I apologize if I have sounded over-emotional. This letter is more to air a complaint rather than to propose any action. Sometimes it is best to release frustrations,rather than to bury and repress despair, which sometimes borders on tears, or to wallow in bitterness for bitterness' sake. This is certainly a time when all of us must make sacrifices, and yet, I hope we always remember that every man, woman, and child is entitled to basic securities. We are basically, in spite of our detractors, a moral and caring nation, disposed more to mercy, education, and medicine, than to imposing fear and domination.

What I'm saying, I guess, is that we should continue to grow, and increase our knowledge, tempered with wisdom, and yet, continue to provide for our needy and infirm. Perhaps, that doesn't make any sense? If I had a choice, I would rather have the loan I'm not going to receive go to a needy family or to a senior citizen rather than to myself--provided it would. My only argument is that somewhere along the line we seem to have lost our sense of values and are now more concerned with balancing the budget than with contributing to our own growth as a people. That takes an investment in the future.

Hopefully, the bureaucratic redundancies will one day give way to Tomorrow and persons who are now objects will be treated like human beings with the considerations that make man, himself, humane.

With hope for our future,

Sincerely,

Robert L. Anderlie

ROBERT L. ANDERLIE

cc: Senator Philip A. Hart
Congressman Carr

P.S. I'm tempted to run for office.

Chairman HARTKE. You indicated that the outreach program has gone onto the campuses. What about the community? How do we reach into the community? What about that individual out there who might want to go to school who cannot afford to go to school even with the $270 a month. He has no other source of income. What if he comes from an impoverished area, and really wants to move out and do something for himself? How do you reach those people? What kind of outreach program do you have for them?

Mr. WILSON. I would have to say to you, Mr. Chairman, that it is very possible that we have not explored that avenue as much as we should have. I think it is certainly something we could explore. But in terms of making people aware who have not participated in the basic program, we have not pursued that to the extent your question would indicate.

Chairman HARTKE. As a senior member of the Finance Committee I hear about the problems of welfare programs and extending unemployment compensation benefits, but they say you have to have an educational program; spend a lot of money over here to educate people so they can be better trained to have an equal opportunity.

Then, as Chairman of the Veterans' Committee, I see a program which is least criticized in its application and is probably working better than most Government programs.

Thus, we have a program which is generally effective and which is working. It deals with the many issues which Congress is attempting to correct. I hope we move in the direction to reach those veterans who are out there, and at this moment, may not have that driving desire. Maybe they are just close enough you can reach them, if they have the financial opportunity to secure an education.

Mr. WILSON. Lest I be misunderstood, in our outreach program we stress this kind of endeavor in every possible way. My answer to the other question was intended to reflect that as to the loan provision, we have probably not pursued that to the extent it might be possible and to the extent implied by your question.

We will certainly explore that idea.

Turning now to the work study program, the work study program, first added in Public Law 92-540, was expanded by Public Law 93-508 to provide that the number of hours of services for which a single contract could be granted should be raised from 100 to 250 hours. Also the 800-man-year limitation on the program was removed. As a result almost 2.5 million man-hours were funded at a cost of nearly $6.2 million in fiscal year 1975.

Section 1685 of title 8, United States Code, as you are aware, authorizes the use of veteran-students in four general categories. The same section also provides that the Administrator shall determine the number of veterans whose services the VA can effectively utilize and the types of services that such veterans may be required to perform. These determinations are based on an annual survey of regional offices.

The current allocation for fiscal year 1976 is 9,459,629 hours. This means that the total cost of the program for 1976 will be approximately $23.7 million. If all of the contracts were allocated for 250 hours, a minimum of 37,849 veterans could participate. (Actually we know that even though some veterans will be given more than one contract, larger numbers will be given contracts for less than 250 hours. Therefore, far more than 37,000 veterans will be participating.) We believe that the number of hours allocated for fiscal year 1976 correctly represents the maximum number of hours of services which can be validly and legally utilized.

Of the 9.4 million man-hours requested, 1.2 million are allocated for use in VA medical installations and domiciliaries. Under the previous overall ceiling of 1.6 million man-hours, there had been limited use of veteran-students in this area. Most student services were used in schools and regional offices assisting full-time employees to identify and expedite payment of disability benefits and educational assistant allowances.

Chairman HARTKE. What was the number of hours requested by educational institutions?

Mr. WILSON. I think we have that, but I am not sure. Our regional offices went out to all of the educational institutions. They made their analysis and predictions of the number of hours they thought they needed, and we incorporated those into our reports.

Mr. THORNTON. In requests that came into the regional offices, 4.8 million hours were requested for institutions.

Chairman HARTKE. I am not asking about requests by the regional offices. I am asking about what was requested by educational institutions.

Mr. THORNTON. I don't have that figure.

Chairman HARTKE. Could you supply that for the record?

Mr. THORNTON. Yes, sir.

[Subsequently, the VA supplied the following material:]

Attachment 1-58

ANALYSIS WORKSHEET

[illegible]

5/23/75

[illegible]	[illegible]	FY 1976 Request		Post-Korean Veteran Population Dec. 1974 (thousand)		Chapter 34 trainees com 3/75	
		DOLLARS	PERCENT 1/	NUMBER	PERCENT 1/	NUMBER	PERCENT 1/
Area 1							
Philadelphia	10	197,800	2.0	174	1.6	34,106	2.2
		151,911	1.5	147	1.4	20,166	1.1
		125,000	1.3	275	2.6	36,810	2.1
		102,250	1.1	214	2.1	27,969	1.6
		73,455	0.8	157	1.5	19,936	1.1
		15,900	0.2	46	0.4	6,155	0.4
		168,100	1.8	350	3.4	36,531	2.1
		873,250	9.2	560	5.4	55,194	3.3
		225,000	2.4	212	2.0	22,706	1.3
		73,900	0.8	80	0.8	14,696	0.8
Huntington	15	66,050	0.7	67	0.6	10,400	0.6
		50,000	0.5	50	0.5	9,698	0.6
		94,000	1.0	170	1.6	34,060	1.9
Washington		65,150	0.6	25	0.2	2,361	0.1
		25,250	0.2	31	0.3	5,619	0.3
		2,240,116	23.6	2,763	26.4	351,217	19.9
Area 2							
		175,300	1.8	248	2.4	42,231	2.4
		96,250	1.0	127	1.2	31,931	1.8
		219,250	2.3	259	2.5	46,909	2.7
San Juan	55	83,500	0.9	65	0.6	13,201	0.8
		103,600	1.1	77	0.7	14,030	0.8
		93,450	1.0	89	0.9	16,708	1.0
		27,000	0.3	141	1.4	22,553	1.3
		69,000	0.7	149	1.4	38,810	2.2
		25,900	0.3	194	1.9	35,772	2.0
		30,000	0.3	156	1.5	25,678	1.5
		61,000	0.6	189	1.8	30,347	1.7
		375,090	4.0	372	3.6	71,110	4.1
		211,250	2.2	321	3.1	62,715	3.6
		138,500	1.5	230	2.2	54,756	3.1
		1,805,570	19.0	2,617	25.2	506,082	29.0
Area 3							
		370,375	3.9	564	5.4	76,775	4.4
		413,795	4.4	538	5.2	57,737	3.3
		41,750	0.4	135	1.3	17,292	1.0
		150,000	1.6	437	4.2	67,303	3.8
		117,635	1.3	34	0.3	8,435	0.5
		87,000	0.9	231	2.2	26,623	1.5
		38,100	0.4	73	0.7	12,466	0.7
		130,000	1.4	214	2.1	32,336	1.8
		139,000	1.5	145	1.4	28,400	1.6
		--------	---	---	---	------	---
		30,400	0.3	26	0.2	6,019	0.3
		80,000	0.9	240	2.3	47,307	2.7
		--------	---	---	---	------	---
		480,750	5.1	205	2.0	27,004	1.6
		199,000	2.1	110	1.1	15,474	0.9
		[illegible]	24.2	2,952	28.4	423,966	24.1
Area 4							
		30,590	0.4	51	0.5	10,730	0.6
		37,750	0.4	37	0.4	6,629	0.4
		24,150	0.3	17	0.2	2,765	0.2
		390,060	4.1	141	1.4	31,112	1.8
		12,450	0.1	37	0.4	5,029	0.3
		13,350	0.1	42	0.4	10,085	0.6
		8,500	0.1	19	0.2	2,427	0.1
		1,409,500	14.9	590	5.7	141,265	8.1
		Except	----	---	---	-------	---
		80,750	0.9	106	1.0	33,046	1.9
		102,650	1.1	132	1.3	21,016	1.2
		33,000	0.3	37	0.4	6,940	0.4
		58,740	0.6	62	0.6	12,906	0.7
		144,600	1.5	120	1.2	38,077	2.2
		588,400	6.2	462	4.4	111,914	6.4
		191,800	2.0	230	2.2	35,963	2.1
		3,132,500	33.0	2,091	20.3	472,110	27.0
		9,450,629	100.0%	10,423	100.0%	1,754,175	100.0%

20-8337

1/ Percents may not add to 100% due to rounding.

Attachment I-10

ANALYSIS WORKSHEET

Revised Work Study Requests -- FY 1976 | 5/21/75

Area I		Total	(1) Outreach Services	(2) VAMC; Other VA Facilities	(3) Educational Institutions	(4) Hospital	(5) Nat'l. Cemetery	(6) Other VA
Philadelphia	10	[illegible]	[illegible]	[illegible]	64,460	[illegible]	0	3,000
[illegible]		151,[illegible]	61,750	[illegible]	[illegible]	[illegible]	0	10,000
[illegible]		125,000	7,500	15,000	90,000(72)	12,500	0	0
[illegible]		102,350	24,500	21,000	32,750	13,500	0	11,600
[illegible]		91,355	9,720	18,755	22,465	20,000	0	2,500
[illegible]		19,500	3,500	3,000	10,000(54)	1,000	0	1,000
[illegible]		160,000	94,750	9,[illegible]	55,000	1,000	0	0
[illegible]		873,250	48,000	60,000	600,000(69)	125,000	2,250	51,000
[illegible]		225,000	37,500	75,000	25,000	37,500	0	0
[illegible]		23,900	5,436	9,[illegible]	7,250	1,500	0	0
Huntington	15	66,050	0	18,000	36,050(55)	12,000	0	0
[illegible]		50,000	4,000	4,500	33,250(67)	8,250	0	0
Washington		94,000	1,000	15,000	71,000(76)	6,000	1,000	0
[illegible]		60,190	13,810	0	46,380(77)	0	0	0
[illegible]		25,250	0	9,000	16,250(64)	0	0	0
		2,2[illegible]0,136	367,310	302,1[illegible]	1,217,17[illegible]	275,250	3,250	79,100
Area II								
[illegible]		175,000	4,000	58,000	56,000	57,000	0	0
[illegible]		96,250	750	13,000	81,500(85)	0	0	1,000
[illegible]		215,250	5,250	48,000	128,250(60)	29,250	0	4,500
San Juan		81,500	10,000	25,500	27,000	6,000	9,000	4,000
[illegible]		109,600	69,540	2,700	(28)30,110	4,000	250	0
[illegible]		93,450	25,000	22,350	30,000	11,300	4,800	0
[illegible]		27,000	1,500	6,500	9,000	8,750	1,250	0
[illegible]		69,000	2,000	10,000	57,000(83)	0	0	0
[illegible]		29,900	4,750	7,750	9,250	4,900	2,500	750
[illegible]		30,000	9,000	2,500	(62)18,500	0	0	0
[illegible]		61,000	7,700	10,800	(60)36,500	6,000	0	0
[illegible]		466,690	3,800	74,040	376,900(81)	11,950	0	0
[illegible]		211,250	19,000	32,750	(65)137,750	21,750	0	0
[illegible]		138,000	15,000	25,000	46,000	40,000	12,000	0
		1,677,290	173,990	330,590	1,051,260	201,200	[illegible]	10,250
Area III								
[illegible]		370,375	77,100	67,960	96,320	108,700	6,250	18,965
[illegible]		411,795	58,175	12,550	117,000	146,165	0	77,905
[illegible]		41,750	12,000	11,000	11,000	2,000	750	5,000
[illegible]		150,000	50,000	10,000	50,000	40,000	0	0
[illegible]		119,625	9,750	3,750	28,687.5	14,250	0	63,187.5
[illegible]		87,000	7,000	15,000	(62)54,000	11,000	0	0
[illegible]		36,100	0	12,750	11,600	12,500	0	750
[illegible]		130,000	2,500	3,700	93,350(71)	22,500	750	3,000
[illegible]		179,000	2,000	62,000	46,000	27,000	2,000	
		-	-	-	-	-		-
[illegible]		30,400	3,000	3,000	9,000	9,000	1,400	5,000
[illegible]		80,800	11,650	5,800	57,250(71)	6,100	0	0
		-	-	-	-	-		-
[illegible]		480,750	420,000	16,250	15,000	12,500	12,000	5,000
[illegible]		199,000	70,000	30,000	65,000	20,000	14,000	0
		2,701,395	723,255	233,260	654,207.5	436,715	37,150	175,807.5
Area IV								
[illegible]		38,500	1,000	5,000	27,000(70)	5,000	---	500
[illegible]		37,750	0	20,750	12,500	4,500	0	0
[illegible]		24,350	2,500	4,250	4,050	9,250	0	4,300
[illegible]		390,000	73,080	27,900	274,520	14,500	0	0
[illegible]		12,450	1,000	1,100	4,600(37)	1,300	0	4,550
[illegible]		13,350	0	5,900	7,450(56)	0	0	0
[illegible]		6,500	250	500	(77) 5,000	250	0	500
[illegible]		1,409,500	60,250	177,250	1,063,250(75)	76,750	0	32,000
[illegible]		EXEMPT	-	-	-	-	---	-
[illegible]		80,050	2,000	14,000	52,550(65)	11,500	0	0
[illegible]		102,650	12,700	27,300	34,150	25,500	3,000	0
[illegible]		33,000	12,250	6,000	11,000	1,750	0	2,000
[illegible]		58,740	14,240	15,500	20,000	9,000	0	0
[illegible]		149,600	26,250	17,250	(59)85,600	12,750	2,000	5,750
[illegible]		540,400	176,020	56,000	186,640	32,500	12,000	113,320
[illegible]		191,800	0	19,350	(39)74,950	97,500	0	0
		3,132,500	382,220	394,550	1,873,300	302,050	17,000	162,920
		9,455,429	1,647,675	1,289,600	4,796,203.5	1,213,315	81,700	431,077.5

VA 20-8587

(Tab of 5/9/75)

Col. 3 shows percent of total when it exceeds 33%

Mr. Wilson. DVB Circular 20–75–27, copies of which have already been furnished the committee staff, specifically provides for use of veteran-students in the veterans-cost-of-instruction (VCI) program. Interchangeable use of such students was approved in the VA Vet-Rep program, the VCI program, and the Campus Office of Veterans' Affairs. Adequate assistance should be available for all of these programs. We know of no situation where VCI coordinators and Vet-Reps have found it necessary to compete for the services of the same work-study participant. School officials and VCI coordinators will be responsible for defining jobs to be performed by work-study personnel as accurately as possible in order to properly determine whether such functions are permissible under work-study criteria provided within section 1685(a)(1)–(4) of title 38, United States Code. There is no reason why there should be any conflict, as the tasks are different in scope. However, it is possible there could be competition for a promising applicant at a particular school.

We envision a great deal of work-study usage in the terms of outreach services and other activities of the VA, and increased efforts by other activities and organizations with which we share our mission. These groups encompass agencies of Federal, State, and local governments, as well as recognized national and local organizations. The general guidelines for such interagency cooperation are defined in section 244 of title 38.

Public Law 93–508 amended sections 1673 and 1723, title 38, United States Code, to bar the enrollment of an eligible person in any course with a vocational objective unless it is shown that at least one-half of the persons who completed the course over the preceding 2-year period have been employed in the occupational category for which the course was designed to provide training. Since a vocational course is intended to qualify the individual for employment, the 50-percent criterion we believe is a valid test of whether or not the course accomplishes this purpose.

After an extensive analysis of this problem, instructions and guidelines were issued on May 12, 1975. This publication provides the necessary instructions to implement this new requirement of law.

No school is required to seek or retain approval to train veterans. Should it wish to do so, it must comply with all of the requirements of the law. A school offering quality vocational courses should be able to establish that its training fulfills the requirements for the attainment of the vocational objective. If the graduates of a vocational course are not qualified for employment in the field trained for, then the vocational readjustment purpose of the GI bill would not be served by enrolling veterans in such course.

Chairman Hartke. Without objection I am going to order that appropriate materials dealing with vocational courses and the 50 percent rule be placed in the record at this point.

[Subsequently, the following material was placed in the hearing record as follows:]

[From The Chronicle of Higher Education, Feb. 9, 1976]

CAREER-ORIENTED STUDIES: THE DEBATE INTENSIFIES

SUPPORTERS HAIL NEW TIES BETWEEN LIFE OF MIND AND WORLD OF WORK; CRITICS CALL TREND "RAMPANT VOCATIONALISM" THAT THREATS LIBERAL ARTS

(By Malcolm G. Scully)

The debate over the rapid development of career-oriented courses and pre-professional training at colleges and universities has intensified this academic year, as pressures for such programs increased.

Supporters of such programs see them as providing a new educational synthesis between the life of the mind and the world of work. Critics say they represent "rampant vocationalism" and are short-sighted reactions to current economic conditions.

If anything, however, the rise in the popularity of the programs has accelerated in the past year. From small, private colleges, such as Alma College in Michigan, to major research universities, such as New York University, institutions of higher education are re-examining their undergraduate curricula and student-advising programs with a view toward providing more "occupational preparation" or direct help in career planning.

Alma has received a $200,000 grant from the W. K. Kellogg Foundation to develop a "career preparation program." The program will last for all four undergraduate years, starting with tests for entering students to develop "personal career preparation plans" to help guide their course of study.

The college describes the program thus:

"Students will work with specially trained faculty advisers and career professionals from a variety of fields to learn how various academic courses apply to actual work situations. They will also have increased opportunities for counseling and testing, career-planning activities, off-campus field experience, and other job-search skills, including a special emphasis on perfecting communications abilities."

Sees Role for University

The new president of New York University, John C. Sawhill, said recently that in the future the "university will assume an intensified responsibility for helping students relate their academic interests to wider career opportunities . . . and will play a more active role in helping students prepare for both established professions and new professions."

The focus on career programs has been especially strong at small private colleges, traditionally oriented toward the liberal arts.

A recent study prepared for the Association of American Colleges, an organization that has served as the voice of private higher education in the United States, said:

"As many independent institutions, especially the smaller ones having greatest enrollment problems, have developed new programs to attract students, they have tended to shift their focus toward the prevailing career orientation.

"There is still a strong interest in liberal education . . . in the independent sector, especially among more stable institutions, but it has come to be submerged in the more urgent question of survival even for many of those institutions."

"A Terrible Concern"

Within large universities, shifts of student interest from the "pure humanities" to career-related programs in business administration or other areas have been widely reported.

One university provost commented: "There's just a terrible concern on the part of students about spending four years in college and not having anything to show for it in terms of employment. And, to the extent that they can find an insurance policy against that in terms of the courses they elect, they're going to opt for that insurance."

Even at such institutions as Princeton University, where the curriculum has traditionally focused on the liberal arts, there has been some shift of student interest from the humanities into social sciences, public affairs, engineering, and life sciences—areas viewed as more likely to be related to jobs or to admission to professional schools.

The concept of "career education" has been endorsed by, among others, President Ford. He has called for a closer relationship between education and the world of work.

Terrel H. Bell, the U.S. Commissioner of Education said recently:

"The college that devotes itself totally and unequivocally to the liberal arts today is just kidding itself. Today, we in education must recognize that it is also our duty to provide students with salable skills."

The reported concern of students over their employment prospects has been blamed for widespread anxiety on the part of many faculty members, who fear that their disciplines will be decimated as students rush to career-related fields. The students themselves, facing stiffer competition for places in medical and law schools and in the job-market generally, also feel the tension.

Deny Abandoning Liberal Arts

Generally, institutions that have moved toward more pre-professional training and career-oriented curricula deny that they are abandoning the liberal arts for mere vocationalism. Instead, they argue, they are trying to develop new relationships between "occupational preparation" and liberal education.

In an era of hard times and nervous students, they say, career-education programs are designed to preserve rather than eliminate the liberal arts.

New York University's Mr. Sawhill called for "career-oriented education" that would "emphasize the fundamental skills of problem solving and communication." He said it should "enable individuals to combine cultural values and interests with the realistic need for a satisfying career."

Said Sidney P. Marland, president of the College Entrance Examination Board and a supporter of the concept of career education: "It is a misperception of career education to imply that all college and university offerings should be related to job-getting. Quite the contrary, job-getting is one of the present hopes of students and one of the roles of colleges is to provide them with other educational experiences."

Mr. Marland helped develop federal support for career education, especially at the secondary-school level, when he was U.S. Commissioner of Education from 1970 to 1972. Federal funds for career education rose from $9-million in 1971 to $61-million in the current fiscal year.

Instead of superseding liberal education and the humanities, Mr. Marland added, career education "seeks to strengthen them by relating them to student goals and objectives."

However, the widespread focus on career-oriented programs has begun to produce criticism—ranging from sharp attacks on it as a tool of the "late capitalist state" to more gentle expressions of concern that higher education, faced with economic hard times, is giving up its historic commitments too easily in order to attract job-hungry students.

One salvo was fired by two educators writing in the *Harvard Educational Review*, who said that career education was, in effect, a "warmed-over version of vocational education" that had proved unsuccessful in the past.

The educators—W. Norton Grubb, a research economist at the Childhood and Government Project at the University of California at Berkely, and Marvin Lazerson, associate professor of education at the University of British Columbia—wrote:

"Despite its assertions to the contrary (career education) is primarily a renewal and expansion of vocational education, a movement that has previously proved itself ineffective in reducing the gap between rich and poor, in enhancing school learning, in solving social and economic problems, and in improving the status of physical work."

In fact, the authors wrote, the economic structure under advanced capitalism tends to make jobs increasingly repetitious. "As a consequence, they become uninteresting, unfulfilling, wasteful of human capacities, and conducive to physical and mental-health problems."

They concluded: "Career education is not directed at resolving social problems, developing avenues of upward mobility, or making school and work more satisfying experiences. It is aimed instead at reducing expectations, limiting aspirations, and increasing commitments to the existing social structure."

Their criticism was focused mainly on career education at the secondary-school level, but other critics have taken a similar stance toward career education as it has been developed in the colleges.

"Managerial Class" Blamed

One critic of the efforts by Mr. Sawhill to turn more attention to career education at New York University referred to the approach as "aggrandizement of the managerial class."

"By using the universities to screen and credential potential employees—regardless of the relevance of university education to their employment—corporations have created an artificial demand for degrees. They have also transferred a significant part of their training and recruitment costs to the universities. They, and not the students or faculty, are the university's most powerful constituency. Students come and go, and faculty are replaceable . . . , but as long as the fundamental economic system remains unchanged, the corporations which employ college graduates will still be around," he said.

While Mr. Marland said he would not comment on the specific criticisms made by Mr. Grubb and Mr. Lazerson in their article on career education, he called it "misinformed and thoroughly off the target. The authors simply haven't comprehended what career education is all about."

The arguments advanced by the critics essentially take a leftist view of career education and see it as a weapon of the capitalist state to lower the expectations of people entering the job market and to make them content with their "oppression."

Not all of the reservations about the new focus on economic security and about college programs designed to insure it, however, come from such critics.

One reason for a proposed reorganization of the Association of American Colleges, for example, is to free the association from its concern with issues of federal policy so that it can address more effectively the basic questions facing the liberal arts.

The study calling for the new arrangement noted, "We are not prepared to yield the case for the relevance of liberal learning to career development on the basis of placement of graduates data, their immediate level of earnings, or even their early career promotions. We believe that liberal-arts education is highly beneficial in terms of career-long performance, in adaptability to employment changes that occur, and in providing perspective and framework for upper-level appointments."

The study added: "We may need to ask in what respects higher education is an instrument to be used by other social structures to meet their self-chosen ends—such as industry and government—and to what extent it can appropriately choose its own ends.

"To what extent are the needs of the state determinative in establishing educational programs, especially at the level at which education becomes elective? What needs do people have which are not subsumed under their job?"

Fears a Cultural Loss

In addition, Neil L. Rudenstine, dean of the college at Princeton University, sees a cultural loss if significant numbers of the small liberal-arts colleges retool themselves to attract students now eager for career-oriented education.

"For whatever reasons, when it comes to learning a lot of history or a lot of literature, these colleges have fulfilled that role. That kind of learning just doesn't take place informally or at some other level of the educational system in the United States," Mr. Rudenstine said.

On the other hand, he and other critics of an overemphasis on careers say that some shifts may be healthy. "I have no doubt that certain kinds of vocational and pre-professional education are absolutely essential," he added.

The problem, Mr. Rudenstine said, is determining how much is essential and what proportion of the population should be channeled into it.

In the meantime, some observers see the move toward more career-oriented curricula as a natural product of the economic recession. When people are worried about finding jobs, they are less likely to go to college at all if they don't think an academic degree will enhance their abilities to find jobs. And colleges, worried about losing students, redesign their programs to attract them.

Roger Heyns, president of the American Council on Education, is among those who have warned against making basic educational changes on the basis of the need for trained manpower. At a panel discussion held in conjunction with the installation of William B. Boyd as president of the University of Oregon last month, he said:

"Much of the current controversy about unemployment and its relationship to education seems to me to arise out of a failure to distinguish between the need for human trained resources and the current effective demand for such resources.

"Current effective demand [is] being measured in the numbers of employers and the number of jobs they are seeking to fill. We are in the middle of a severe recession, and a great deal of the flavor of these discussions comes from this fact. I refuse to accept that we should develop basic changes in education policy under these conditions."

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A PRESCRIPTION FOR STUDENT AID: BETTER INFORMATION ON POST-SECONDARY EDUCATION

Report of a Policy Seminar

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Introduction

Seventy-five years ago, students attending the few existing California colleges and universities were generally assured of well-paying jobs and a privileged place in society. They came from a narrow segment of the population — generally from the middle and upper classes — and needed little more than word-of-mouth information about college choices and the ways those choices were likely to influence their lives. Since then, California has led the nation in developing a postsecondary educational system that opens educational doors to almost anyone who wants to enter.

In 1974, 22 out of every 100 California adults were enrolled in some postsecondary course of study, ranging from dental hygiene and cosmetology to English literature, law, and medicine. This cornucopia of courses is offered by an extensive postsecondary system: 302 adult education programs, nearly 1800 proprietary vocational schools (schools that operate for profit), 103 community colleges, 83 private accredited colleges and universities, 19 state colleges and universities, and nine campuses of the University of California.

But because of a glaring lack of information, students are hard pressed to choose among options in this wealth of educational opportunities. Clearly postsecondary schools should provide more information, but who needs the information, and what topics should it cover? Who should collect the data and how should they be made public? How much will the necessary information cost and who should pay for it? What kinds of materials are already available? What would be the most effective governmental arrangements for collecting useful data, auditing and publishing it? Would this require new legislation? Are any unintended consequences likely to occur, possibly making some solutions worse than existing problems? What difference does added information make in student choices?

The Seminar and Its Sponsors

These and related questions were discussed at a recent seminar sponsored by the California Postsecondary Education Commission, the Institute of Governmental Studies, and the Center for Research and Development in Higher Education at the University of California, Berkeley. During the session, 47 persons — legislative staff members, researchers, vocational educators, college and school administrators, consumer advocates and students — developed the conclusions and recommendations summarized in this paper. (Seminar participants are listed at the end.) The following discussion treats significant public policy issues in postsecondary education, and suggests specific recommendations for dealing with such problems in California.

Equality or Inequality ?

The California postsecondary education system grew out of a desire to provide equal opportunities for all. It developed like an organism, slowly becoming larger and more complex in trying to accommodate large numbers of students from different backgrounds and with different learning styles and goals. Proponents of the existing complicated system maintain that it meets diverse student needs, and provides a broad cross section of the population with educational opportunities on a reasonably equal basis.

But findings by Hansen and Weisbrod, Karabel, Wilms, and others indicate that the way the existing educational system works it may actually do more to maintain and reinforce class inequalities than to overcome them. For example, Hansen and Weisbrod[1] found that students from families with the highest socio-economic status are likely to attend the University of California. Students of middle status tend toward the state university system; and those from the lowest socioeconomic strata are most likely to go to a community college. They also note that regressive taxation forces the poor to pay proportionately more than the wealthy to support the elite university system.

Vocational Education: The Lowest Rung

Moreover Karabel showed that within the postsecondary system, the least advantaged students tend to occupy the lowest rungs of the ladder — the occupational or vocational programs.[2] A national study of public and proprietary vocational training at the Center for Research and Development in Higher Education at U.C. Berkeley indicated a further distinction.[3] That is, students attending proprietary vocational programs have even fewer resources than their counterparts who attend similar programs in nearby public community colleges. Proprietary school students more often drop out of high school or have come through the low-status vocational or general high school programs, have more trouble with language, and are more often from ethnic minorities than students in the public colleges and universities.

Even more important was the study's finding that, while proprietary school graduates fare as well in the labor market as community college graduates, both groups take relatively low level and low-paying jobs after graduation. The schools are highly effective in training and placing students in low-status clerical and service worker jobs. But they are not effective in placing graduates in higher-status technical and professional jobs, since these are generally reserved for graduates of four-year colleges. In short, the Berkeley study added more evidence to the growing literature that indicates that simply providing access to a wide range of schools may not do much to equalize opportunities.

The mere existence of a range of types of institutions, which are theoretically open to all, does not equalize effective access or opportunities, because in fact people from different backgrounds and with different opportunity levels tend to go to different institutions, follow different educational programs, and pursue different career lines. For example, if other things were equal, an accounting student at U.C. Berkeley would more likely find a higher-paying, higher-status job than an accounting student at a community college or proprietary school, presumably because years of schooling and the school's prestige are valued more highly than technical ability. Worse still, other things are seldom if ever equal. The U.C. Berkeley student usually already has an edge on the community college or proprietary student because of higher family income, academic high school background (as distinct from a vocational or general high school program), higher verbal and quantitative skills, and the fact that he most likely is white.

Access to What . . . and With What Results?

Most people recognize that a degree from a prestigious university confers more rewards than a diploma or degree from an adult school or community college. But most public policies have not emphasized expanding effective student access to those prestigious programs. Rather, as Salner's study for the California Legislature pointed out,[4] the least socially potent programs — adult education, community colleges and proprietary schools — are the most readily accessible.[5] In contrast, the most socially potent programs — those in prestigious universities — are the least accessible.

As the postsecondary education enterprise grows and touches more lives, and as the economy's future remains uncertain, prospective students want to know what difference attending a postsecondary school is likely to make in their lives. The answer is important, whether they plan to attend a one-year community college or a proprietary school program, or a long-term graduate program. Also, in the face of shrinking resources and growing demands, legislators and other educational policymakers want to know more about the impact of public revenues spent on education, and seek more information on which to base policy choices.

Consumerism

Three specific developments are pressing schools to divulge more information and on a standardized basis. They are: consumerism, the economic downturn and underemployment. First is the "consumer movement." Consumerism has been powered by two forces: one is the huge federal loan default rate by students at proprietary schools, estimated at 50 percent to 70 percent. The other and more important influence is the desire of students and the public to exert more control over their lives by demanding more from the important institutions supposed to serve them, such as colleges and universities. Recently these desires have encouraged schools to be more accountable to students and taxpayers, and stimulated efforts to protect student rights. Federal legislation has also reflected these new values by shifting financial aid from colleges to students as such, helping to create a market and encouraging student choice.

On the other hand, as college enrollments drop because of lower birthrates, schools' claims about the value of education have increased, but are not always either candid or supportable. For example, as Eric Wentworth reported in the Washington *Post* (April 3, 1975), an advertisement by Montgomery Community College in Maryland suggested that prospective students could go to Harvard for half-price by taking their first two years at Montgomery. The ad failed to note a crucial fact: Harvard accepts few mid-college transfers from anywhere. Thus a prospective student who did not know the student noncompletion rate at Montgomery, or the transfer rates from Montgomery to Harvard, could be grossly misled by the school's advertisement.

Economic Downturn

The second force pressing schools to collect and divulge new information is the continuing stress caused by a faltering economy. Shrinking resources encourage schools to inflate their claims, while reducing graduates' chances to be employed in their chosen fields. Consequently, prospective students want to know more about what they are likely to get for their investment in time and money. Furthermore the education policymaker faced with fewer resources and intensely competing demands, also needs better information to use in developing new options and reallocating resources effectively.

Underemployment

The third element is underemployment. The educational system has kept pace with the economy's effective demand for employees with various educational backgrounds. In order to do this, the postsecondary system has evolved in ways described earlier. But the system is more than keeping pace, and in fact is contributing to what might be called "educational inflation." This new-fangled term is applied to a phenomenon long observed: each new generation needs more education than its predecessor merely to preserve its relative socioeconomic standing and effective opportunity levels. That is, successive generations "have to run faster just to stay in the same place."

The job market has helped enforce this by demanding increasing amounts of education for jobs that remain essentially unchanged. Thus many private and public sector jobs once filled by high school graduates now require four years of college. Similarly, many jobs that once required four years of college now call for graduate degrees.

Meanwhile the higher education experiences have increased people's expectations. But the real nature of the jobs available, and their actual requirements (as distinguished from formal requirements) have changed little. This has caused worker dissatisfaction on a large scale that is now a national problem.

O'Toole calls this "underemployment," meaning that a person works at a job that does not use the skills he acquired in school, and that does not match his expectations.[8] Providing vocationally oriented students with better labor market information, and more accurate and realistic data on the kinds of jobs they are actually likely to get on graduation, should help them select institutions and programs suited to their career objectives.

A Caveat on Educational Data

There are no reliable or valid ways to measure the total effect of education on a person's life. Learning how to think, expanding one's understanding, and enriching one's intellectual and emotional experiences are some of the consequences of education. While such effects are exceedingly important, they are not included in this discussion because it focuses on jobs and occupational mobility.

Even if we agreed on the meaning and interpretation of standard tests like the Scholastic Aptitude Test, we would probably still disagree about what to do. For example, what should be done if students' Scholastic Aptitude Test scores drop year after year? Trow helped pinpoint the dilemma by observing that the centralization of a function from the institutional to the state level leads necessarily to the state's desire for "rational management."[9] State-imposed management procedures depend in turn upon the necessary data being available. But the data available to or supplied by educators may not be helpful in judging educational effectiveness. (What, for example, have instructor-student "contact hours" to do with educational results?)

Data that are unreliable, ambiguous or simply indigestible may lead to clumsy or misguided state intervention. For example, past state efforts to manage education through productivity formulae have rarely produced positive results.

Furthermore the job placement and earnings records of graduates of occupational programs may reflect many things in addition to or instead of the "value added" by schooling — students' sex, ethnic or family backgrounds, a particular job market, or others. What should the state do if some schools' records do not measure up?

Nonquantifiable Aspects and Student Decisions

The central problem is how best to provide adequate, meaningful information to aid public scrutiny, without damaging the delicate and nonquantifiable aspects of education.

Discussants at the seminar felt that the schools' autonomy would be protected if the nonquantifiable aspects of education were pursued but presented on their own merits. The decisions themselves, however, should be made primarily by prospective students rather than by state officials, except when the public good is threatened by fraud or misrepresentation. If prospective students are to make reasoned decisions, they must have reliable and reasonably specific information about school objectives, as well as data from past graduates to demonstrate how well the schools have performed. It would be reasonable for schools that concentrate on the nonquantifiable aspects of education and do not emphasize job placement, to make few if any claims about the occupational benefits of their programs.

Needs for Information

Conference discussants agreed that many audiences need more information about postsecondary education. All schools, colleges, and universities offering career-oriented education should be included in information programs, whether they are public or private. But community colleges and proprietary schools should be the primary focus for informational development, because they enroll the least-advantaged students, who should be given top priority.

Prospective students need and are entitled to have three kinds of information:

1. Information on the current labor market;
2. Information describing the universe of occupationally oriented schools in terms of employment objectives, programs, costs, financial aids, student profiles, admission standards and attrition rates; and
3. Information describing the experiences of past graduates of the particular school or program including placement rates and data on earnings from first jobs after graduation.

Admittedly much information is already available. But because it is buried in technical reports in various state departments, college catalogs, and other varied places, it is of limited use to prospective students. Further, there is little information realistically describing the outcomes of programs.

Discussants generally agreed that while the states have had primary responsibility for providing information and regulating education, their efforts have been relatively unsuccessful. Consequently, the federal government has tried to fulfill these functions. Thirteen federal agencies and 62 recognized accrediting bodies are trying to deal with several splintered aspects of the problem, and the Federal Interagency Committee on Education is attempting to give coherence to the federal effort.

An Information System in California

The Berkeley discussants urged a much stronger state-level role, rather than relying on "the feds." They based this position on their view of education as a basic responsibility of state government. Accordingly they agreed unanimously that the states should take principal responsibility for providing more and better information.

The California Postsecondary Education Commission, already charged with institutional planning, would be the most likely agency to lead the development of an information system in California. There was a strong feeling that the effort should try to standardize the numerous data-collection activities already underway, such as the Higher Education General Information Survey (HEGIS), the Community College Occupation Programs Evaluation System (COPES), The Student Accountability Model (SAM) and others. Discussants also felt that data-collection systems should be developed from the school level up, rather than from the federal level down, making the school the primary unit of information collection. The conferees agreed, however, that the potential for falsification makes it imperative that all school generated information be audited periodically by a third party. Both school and labor market data should be made available to prospective students on a sub-state regional basis, or county-by-county, perhaps through regional counseling centers, independent of individual schools. The conferees also urged that the state consider using a computerized information facility similar to the Oregon Career Information System (CIS).

Cost

There were no reliable estimates of the cost of such an information system. (Oregon's is the only one in operation, and only limited data were available.) Nevertheless several significant cost-related points were made. Several participants challenged recent testimony before the Federal Trade Commission about the cost of requiring proprietary schools to provide follow-up data on their graduates. There is convincing evidence that the costs of such follow-up data collection are within reason. For example, a 1975 National Opinion Research Center estimate suggests that individual students can readily be followed into the labor market, and that nearly 90 percent of them can be located for less than $5.00 per student. Moreover the Oregon system, developed with support from the Fund for the Improvement of Postsecondary Education, now operates at a total cost of $5.00 per user.

Despite the reasonable costs, conferees agreed that the student consumers — especially low-income, career-oriented students — should not have to pay for the service. Instead the developmental costs should be met by the federal and state governments, and the long-term future operational costs borne by participating schools.

Existing Federal Legislation

A variety of laws should be considered to deal with schools' divulging information on the outcome of educational programs. Regulations of the U.S. Department of Health, Education and Welfare for guaranteed student loans require each school to make a good faith effort to give prospective students a complete and accurate statement describing the school and its programs. In cases where students are preparing for careers, the school is required to divulge information about employment opportunities in the specific career, as well as its graduates' placement and earnings in the past. But the regulations are meaningless, because if a school is unable to produce such information on its own, it may use regional or national labor market data.

The same regulations establish standards for schools' student loan default rates, student dropout rates and financial stability. If a school falls below the standards, the U.S. Office of Education can order the school to give evidence that its inability to meet the standard was the fault of the students, not the school.* But such a cumbersome system at a centralized level would probably be unenforceable.

The Vietnam Act of 1974 (PL 3508) stipulated that to qualify for GI Bill students, a school must demonstrate that 50 percent of its students who have completed courses over the past two years, and who are available for work, have found employment in the occupations for which they were trained. But the requirement lacks focus, as the words "specific occupation" were dropped from the bill in legislative conference. Thus students seeking training as computer programmers, but obtaining jobs as keypunch operators, would be counted as successfully employed.

Finally, the Federal Trade Commission has completed hearings on a proposed rule that would require proprietary schools to give program and outcome information to prospective students. But even if the rule is adopted, it will only cover proprietary schools, and will be administered federally.

Need for State Legislation

Conferees agreed unanimously that state legislation should be forthcoming, and that it should conform with existing federal legislation. Moreover state legislation should take into account existing state law that empowers a variety of state agencies to oversee portions of the problem, but provides no overall accountability or coordination.

While conferees agreed on the need for regulation, they also felt strongly that safeguards should prevent the regulators from capturing the education industry. Accordingly future legislation should coordinate information generation and dissemination under one agency, but assign auditing and enforcement responsibilities to a different agency.

Unintended Consequences

The possibility of unintended consequences was contemplated, and four principal concerns emerged:

1. If schools' placement records play a major role in attracting students, unless there are some controls or other counter influences, schools will be motivated to recruit only students who are likely to get jobs relatively easily, e. g., white males. But this would leave even fewer options for low-income, minority students and females.

2. Marginal schools serving clienteles that are especially disadvantaged might be forced out of business. For example, the Center's study of public and proprietary vocational training identified a number of proprietary schools in Miami that cater exclusively to Cuban immigrants, offering cosmetology training. The average starting salary for a graduate of one of these schools was considerably less than the federal minimum wage; yet without such training, there is a likelihood the graduates would have remained unemployed and on welfare. If such schools, that have a marginal but positive effect on students' lives, were to be required to provide data showing the earning level of graduates, the schools might be unable to attract students.

3. Regulations might provide no incentives for schools to offer training for labor markets that are specialized and limited but nevertheless important, such as legal aides or horseshoeing specialists.

4. Legislation emphasizing only quantifiable results may have the undesired effect of encouraging schools to undertake only programs that have clearly quantifiable results. Education would then be thought of only as manpower training, ignoring the spiritual, essential but nonquantifiable aspects of education such as its cultural, humanistic, "liberal arts," and spiritual contributions to students' minds and lives.

Recommendations for California

The conference recommended that the Assembly Permanent Subcommittee on Postsecondary Education introduce legislation to designate the California Postsecondary Education Commission as the coordinating body to develop and monitor an appropriate information system that would provide students with the kinds of data described above. The commission should establish a task force of knowledgeable people, and give it sufficient funds to prepare, within one year (by early 1977) a legislative proposal to improve student information. The proposal would have two phases.

The first phase would be experimental, having the following objectives:

1. Defining specific student information needs.
2. Identifying existing information sources and data-collection methods.
3. Coordinating existing information, and perhaps its collection and publication.
4. Identifying new information needs.
5. Recommending standardized information to insure comparability.
6. Reviewing existing state and federal legislation and regulations.
7. Developing a model for information collection and dissemination.
8. Identifying costs and sources of funds to operate an information system.
9. Providing for effective monitoring to insure the accuracy of information, with appropriate enforcement procedures.
10. Providing for periodic system evaluation, including review of costs and benefits to users. Evaluation should specifically consider the extent to which better and more accessible information results in improved choices.
11. Further defining possible unintended consequences and devising safeguards against them.

The second phase would be the establishment of a permanent information system within the state, based on the experiences of the experimental phase.

Summary and Conclusion

Students need more information soon so that they can estimate the likely consequences of their making heavy investments of time, money and hope in postsecondary education. Students often, for example, expect a given amount of schooling to bring them more income and social status than it can provide, partly because the relative value of specific degrees has declined. As the number of degrees earned continues to rise, and each new generation pushes educational levels higher, each succeeding group needs even more education merely to retain its relative standing in society. Prospective postsecondary students need to understand this, if their expectations are to be realistic. As O'Toole has suggested, a severe mismatch between students' expectations and reality may lead to economic and political instability, as well as individual personal tragedies.

Further, when the economy turns down and the job market contracts, students tend to grasp at straws for survival. Often those with the weakest grasp are those at the low end of the economic ladder, who are most likely to enroll in vocational or career programs, and who most need to understand the possibilities and the limitations of the courses offered.

The seminar's recommendations for stepping up the flow of information take into account the fact that schools and their students exist in a delicate social network that could be upset by arbitrary or heavy-handed federal or state intervention. But immediate action is also needed, along with close monitoring to head off undesirable consequences. Government and schools have an obligation to give prospective students the information they need to make the best choices possible for themselves. If complete, standard and comprehensible data can be made available to students, this material will help them minimize ill-informed decisions and aid them in choosing educational programs suitable to their talents, aspirations, opportunities and career goals.

These recommendations also carry long-range implications. As things stand, we lack comparable data about schools' goals and their success in meeting them; consequently, there is no way for the schools or the public to know how well postsecondary education in California is serving the community's needs. With improved collection of standard information, however, the public can more readily evaluate the schools' performance, students can make wiser choices of institutions and programs, and the schools themselves can use that same information to help them do a better job.

NOTES

[1] W. L. Hansen and B. Weisbrod, "The Distribution of Costs and Benefits of Public Higher Education: The Case of California," *Journal of Human Resources* 4(2):176-191 (Spring 1969).

[2] Jerome Karabel, "Community Colleges and Social Stratification," *Harvard Educational Review* 42(4):521-562 (November 1972).

[3] Wellford W. Wilms, *Public and Proprietary Vocational Training: A Study of Effectiveness* (Lexington, Mass.: Lexington Books, D. C. Heath and Co., 1975).

[4] Marcia B. Salner, *Inventory of Existing Postsecondary Alternatives*: Second Technical Report, Postsecondary Alternatives Study, California Legislature (Sacramento, 1975).

[5] Socially potent programs can be defined as programs that improve the individual's social mobility.

[6] James O'Toole, "The Reserve Army of the Underemployed: II—The Role of Education," *Change* 7(5):26-33, 60-63 (June 1975).

[7] Martin Trow, "The Public and Private Lives of Higher Education," *Daedalus* 104(1):113-127 (Winter 1975).

[8] It is not clear how students can be shown to be "at fault." And even if it could be demonstrated, perhaps their "fault" lies in having low incomes or being members of minorities.

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Notes to Readers

While reading recent issues of the *Public Affairs Report*, have you thought of questions, suggestions, criticisms or comments that you might like to consider sending in to the editors? Do you have any observations about the choice of topics, or their treatment in the pages of the *Report*? Do you have advice or suggestions regarding future issues?

Letters from readers and requests for copies arrive regularly, but by including this note, we hope to open a "readers' window" that will give us a better sample of what subscribers think about the *Public Affairs Report*, and what directions it might take.

Your comments may also provide substantive observations that could be acknowledged or excerpted in future issues.

—The Editors

Readers' Response

Editors' Note: We wish to thank readers who have responded to the invitation to write. All comments are welcomed, collected and read with care; we find these exchanges valuable and hope for more. Here are excerpts from two recent letters, and a correction in response to a third.

• • •

> I enjoyed reading the June 1975 Issue . . . ("Information, Research and Counseling: The Women's Center in Berkeley," by Margaret B. Wilkerson). It was well done.
>
> I am writing specifically to call attention to just one word that pushed my button, and I feel assured that you will want to give it some thought. On page 3, you refer to a 43 year old woman, a "reformed" alcoholic who was helped through CCEW workshops. . . . The word "reformed" has moral implications that perpetuate the myth that alcoholism is some kind of unfortunate character deformation rather than a disease — basically physiological but clearly having complex psychological and behavioral effects. Those who hold to what is called the "medical model" of alcoholism refer to the ones who make it to sobriety and stay there as "recovered alcoholics." I would like those who are persuaded by the psychological model to reflect on why it is that the alcoholic may be accurately described as "dependent, mother-fixated, escapist, self-pitying, egocentric" etc. but that millions of men and women with all of the same psychoneurotic traits are not alcoholic.
>
> Laurel Cook, Editor
> Berkeley Health and Medical
> Sciences Program
> Dec. 18, 1975

• • •

> The report ("Juvenile Delinquency: Seeking Effective Prevention" by Tom Higgins, December 1975) is so clear, judicious and enlightening that I want to say, "Hurray for Tom Higgins!" I am enthusiastically using this report in a social welfare class I teach. Having read this report, the students . . . are now seeking information on the Richmond and Orange County prevention projects.
>
> Mary Jeffress
> Field Work Consultant and Lecturer
> School of Social Welfare
> Jan. 22, 1976

• • •

Correction: With respect to the December 1975 PAR, "Juvenile Delinquency: Seeking Effective Prevention," by Tom Higgins, a correction should be made concerning note 4, which read: "A detailed explanation of the cost calculated is presented in *Recommendations for the State of California*, Tom Higgins, for the California Department of Finance, 1975." In a letter dated January 15, 1976, Jack D. Smith, of the Department of Finance, commented on the present status of the report, which was prepared for the department's use. Since the department has not made a firm decision concerning publication or final format, the "Recommendations . . ." should not have been referred to as a work published in 1975.

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94th Congress } SENATE COMMITTEE PRINT NO. 49
2d Session }

TRAINING BY CORRESPONDENCE UNDER THE GI BILL

(An In-Depth Analysis)

A Study

SUBMITTED BY THE

VETERANS' ADMINISTRATION

TO THE

COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE
Vance Hartke, *Chairman*

AUGUST 10, 1976

Printed for the use of the Committee on Veterans' Affairs

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LETTER OF TRANSMITTAL

VETERANS ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS,
Washington, D.C., August 10, 1976.

Hon. VANCE HARTKE,
Chairman, Committee on Veterans' Affairs,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: As you may remember, in a letter dated July 1, 1976, I noted that an analysis of training by correspondence under the GI Bill and a study of course completion rates for education and training under the Vietnam Era GI Bill would be completed and submitted to you shortly. Copies of these reports are forwarded herewith.

I sincerely hope that you and your Committee will find the information contained in these documents helpful.

Sincerely,

RICHARD L. ROUDEBUSH,
Administrator.

Enclosures.

TRAINING BY CORRESPONDENCE UNDER THE GI BILL

An In-Depth Analysis

Based on Data
through December 1974

Prepared by:

Reports and Statistics Service (042A1)
Office of Controller
Veterans Administration

June 1976

(1)

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I. INTRODUCTION

A. This analysis is based upon and prepared from the file of veterans and service personnel who trained in correspondence schools under chapter 34 during the period June 1966 through December 1974. The file does not represent all chapter 34 correspondence trainees since it excludes those who later changed to other types of training. 1/ Data for trainees in schools accredited by the National Home Study Council (an accrediting agency recognized by the U.S. Commissioner of Education), where the courses are approved as accredited, are classed as accredited.

B. For purposes of this analysis, it is assumed that a correspondence course has been completed if the trainee has completed all course lessons. If the trainee has not completed all lessons and 7 months have elapsed without receipt of a reimbursement voucher, it is assumed that he is unlikely to continue training and the training is terminated. Completion rates cited in the analysis were computed by dividing the sum of the trainees who had completed or interrupted their courses into the number of trainees who had completed their courses. Because of the large proportion of trainees who were still in training as of December 31, 1974 (32.5 percent of those who had entered training), ultimate completion rates could be higher or lower than these preliminary rates.

C. The course codes cited in the analysis are VA course codes grouped so that similar courses from various schools are under summary titles. Courses offered by various schools under these titles may vary in duration, complexity of subject matter, ability to sustain student interest, and content. Completion rates reflect a weighted average of all courses which are grouped under a summary title. Therefore, individual schools, courses and courses within schools may have a higher or lower completion rate than is shown under the summary course title.

II. SCOPE OF ANALYSIS AND SOME SIGNIFICANT DETAILS

A. Through December 31, 1974, a total of 5.3 million persons had enrolled in training under the current GI bill. Of this total, 1.1 million had taken their most recent training by correspondence. Table 1 shows the distribution by veterans and service personnel.

Table 1

CUMULATIVE TRAINING THROUGH DECEMBER 1974*

	Total Trained	Number Trained by Correspondence	Correspondence Percent of The Total
TOTAL	5,313,066	1,109,103	20.9%
Veterans	4,767,127	876,220	18.4
Service personnel	545,939	232,883	42.7

* The service personnel count may be understated because service personnel who train lose identification if they reenter as a veteran.

1/ In those cases where schools are an integral part of the discussion, the data here excludes about 10,000 persons who had trained and who were listed under invalid school codes. In those cases where only courses are discussed (not by school) and in cases where totals of schools are discussed, these persons are included.

B. A greater proportion of service personnel who trained have been correspondence trainees, however, because veterans make up the greater part of total trainees, the bulk of correspondence trainees (79.0 percent) are veterans. Through November 1974 almost all correspondence trainees (99.6 percent) had trained in private institutions. 1/ Also, through November 1974, almost all persons who have taken correspondence training were enrolled in courses other than college level (99.1 percent). Most correspondence trainees have trained in correspondence schools which were listed as accredited on December 31, 1974 (86.3 percent). Table 2 gives a more detailed distribution for schools with valid facility codes (appendix table 1 breaks totals out by veterans and service personnel).

Table 2

CORRESPONDENCE SCHOOL TRAINEES DISTRIBUTION BY TRAINING STATUS THROUGH DECEMBER 1974

(Excludes Trainees in Schools With Invalid Facility Codes)

	In Training	Interrupted	Completed	Total
TOTAL	356,408 100.0%	437,577 100.0%	305,290 100.0%	1,099,275 100.0%
Accredited schools	337,644 94.7%	378,190 86.4%	233,163 76.4%	948,997 86.3%
Non-accredited schools	18,764 5.3%	59,387 13.6%	72,127 23.6%	150,278 13.7%

III. COMPLETION RATES, AVERAGE COST AND MOST FREQUENTLY USED COURSES

A. The overall completion rate for correspondence training as of December 31, 1974 was 41.2 percent. This was higher than the completion rate as of December 31, 1973 when it was 38.8 percent.

B. Table 3 shows completion rates for veterans and service personnel. A related statistic, completion cost effectiveness percentage, is given in the last column of table 3. This is defined as the ratio: expenditures made to those veterans who completed divided by expenditures made to those whose course was either completed or interrupted (times 100). Further discussion of this concept is found in section VIII-B.

Table 3

	Completion Rate as of December 1974	Completion Cost Effectiveness Percentage
All schools *	41.2%	77.1%
Veterans	41.6	77.9
Service personnel	39.4	72.7

* Includes persons in schools with invalid school codes.

1/ Most of the data for the current report was available for December 31, 1974. However, other data was available only for November 30, 1974. Because there are only small differences in the aggregate data available on both dates, data not available as of December 31, 1974 is supplemented by November 30, 1974 data.

Table 3 indicates that both completion rates and completion cost effectiveness percentages are higher for veterans than for service personnel.

C. Average cost per completed course for service personnel was lower than for veterans. Table 4 shows the average cost for each of these groups.

Table 4

	Average Cost Per Completed Course Through December 1974*
All schools	$ 837.21
Veterans	860.00
Service personnel	731.81

*The average amount spent per completed course usually does not coincide with the current cost of the course; it is an average for the entire period since the beginning of the program in June 1966.

D. The five most frequently used courses in accredited schools and the number of persons trained through December 1974 were: (see appendix table 2)

1.	553	Electronic & other communications mechanics & repairmen	232,520
2.	571	Automobile & motor vehicle mechanics & repairmen	133,057
3.	510	Air conditioning & refrigeration	84,072
4.	311	Electronic technicians	63,360
5.	540	Electrical trades	39,129

E. The five most frequently used courses in non-accredited schools and the number of persons trained through December 1974 were: 1/ (see appendix table 6)

1.	427	Real estate & insurance	29,620
2.	629	Heavy equipment operation	19,138
3.	433	Hotel & motel training	7,224
4.	324	Photography	6,083
5.	428	Salesmanship	5,923

F. Major courses with the highest completion rates for accredited correspondence schools were: (see appendix table 3)

1.	629	Heavy equipment operation	61.9%
2.	571	Automobile & motor vehicle mechanics & repairmen	61.4
3.	427	Real estate & insurance	58.4
4.	437	Airline service	51.4
5.	433	Hotel & motel training	50.2

G. Major courses with the highest completion rates for non-accredited correspondence schools were: (see appendix table 7)

1.	586	Foundry & metalwork	87.2%
2.	427	Real estate & insurance	78.7
3.	629	Heavy equipment operation	74.7
4.	428	Salesmanship	72.9
5.	436	Protective service	56.8

1/ Mechanical courses were excluded from this table because this category was considered too broad. In appendix tables 6 - 8 this category is included.

H. Major courses with the highest cost per completed course for accredited correspondence schools were: (see appendix table 4)

1.	553	Electronic & other communications mechanics & repairmen	$ 1,060.08
2.	334	Radio & TV broadcasting	940.98
3.	571	Automobile & motor vehicle mechanics & repairmen	873.33
4.	510	Air conditioning & refrigeration	865.56
5.	540	Electrical trades	821.06

I. Major courses with the highest cost per completed course in non-accredited correspondence schools were: (see appendix table 8)

1.	510	Air conditioning & refrigeration	$ 1,722.33
2.	427	Real estate & insurance	1,496.61
3.	428	Salesmanship	1,114.88
4.	436	Protective services	1,008.16
5.	553	Electronics & other communications mechanics & repairmen	989.80

IV. FACTORS INFLUENCING CORRESPONDENCE TRAINING

A. Prior Education Attainment: Of the non-high school graduates who had entered training, 27.2 percent trained by correspondence compared to 23.2 percent of the high school graduates (but no college) who used correspondence. However, when we add to the population under consideration all those who did not use the GI bill education benefits, we find that high school graduates are more likely to train by correspondence than are non-high school graduates. This is because there is a greater proportion of persons who do not train at all among the educationally disadvantaged than among those who have completed high school. Persons who have some college are the least likely to train by correspondence, regardless of which group we use in the denominator.

B. Correspondence Training by Age and Length of Time Since Separation

1. Although the number of veterans entering correspondence training generally decreases with each successive year after separation, it does so gradually. Entries into other types of training decrease relatively soon after separation. This means that when entries into training are grouped by the number of years veterans have been back in civil life, correspondence trainees make up a greater proportion of the first-time entries into training during the year as the number of years after separation from the Armed Forces becomes greater (see appendix table 11). The tendency for the trainees separated during a given fiscal year to have a rising proportion of correspondence trainees has been mitigated in more recent years by two circumstances: (a) after January 1973 the reimbursement for correspondence training was reduced from 100 percent to 90 percent of the cost of completed courses, and (b) relatively more veterans have entered residence school training in recent years, enticed by higher benefits.

2. A factor which is closely associated with time after separation is the age of the trainee. Although the number of veterans and service personnel who enter correspondence training for the first time decreases with their age, the proportion of entrants who take correspondence training increases with their age (see appendix table 10. When a person grows older, he tends to become more committed to his work and his family and is less likely to have sufficient time available for training. At this point, correspondence training becomes relatively more attractive to the individual than other types of training even though the tendency to take this type of training also diminishes with age. For many veterans, correspondence training may be the only opportunity to use educational benefits under the GI bill.

3. It previously has been hypothesized that a positive relationship exists between completion rates and the cost of courses. However, the current data provides very little evidence that there is a positive relationship between costs and completion rates. Correlations between costs and completion rates were quite small, the largest being r = .422 for the correlation between completion rates and cost by correspondence schools with 1,000 trainees or more. Because of the lack of evidence to support a finding of a positive relationship between costs and completion rates it is necessary to hold this previously accepted proposition in some doubt. This is not to say that there is no relationship between cost or financial obligation and completion, it means that the evidence just does not currently support such a hypothesis. Further examination of this and other related data may be worthwhile.

V. COSTS AND BENEFITS OF CORRESPONDENCE TRAINING

A. Costs: On the average, less money is paid out to correspondence trainees than for other types of training. During fiscal year 1974 a total of 2,358,608 were trained under chapter 34, of which 430,604 or 18.3 percent trained in correspondence schools. However, correspondence trainees accounted for only 4.6 percent of the money spent and had by far the lowest average cost of any type of training. Table 5 shows the number in training during fiscal year 1974 by type of training and the average cost of each for fiscal year 1974.

Table 5

NUMBER OF CHAPTER 34 TRAINEES AND AVERAGE COST FOR FISCAL YEAR 1974 BY TYPE OF TRAINING

Type of Training	Number of Trainees	Average * Cost
TOTAL Chapter 34	2,358,608	$ 1,274
College	1,333,262	1,630
Other residence schools	338,125	1,158
On-job training	211,907	1,185
Flight	44,710	1,187
Correspondence	430,604	319

$$* \text{ Average cost } = \frac{\text{Expenditures for the given type of training during fiscal year 1974}}{\text{Number of trainees in the given type of training during fiscal year 1974}}$$

B. Benefits

1. Benefits to correspondence training do exist but are low when compared with benefits derived from other types of GI bill training. A smaller proportion of correspondence trainees take jobs in the fields in which they train than do other types of trainees. A survey of Vietnam era veterans who terminated their training prior to July 1, 1972 1/ found that 83.1 percent of all Vietnam era veteran trainees completing their training objective were working in their field of training or making substantial use of their training one year after completion of training. However, for those completing correspondence training, only 60.4 percent were making use of their training in their work. As seen in table 6, a smaller percentage of correspondence trainees use their training than any other type of trainee.

1/ Data taken from the VA Completion Rate Study, June 1976. All those who were surveyed were in a training terminated status for at least eleven months prior to selection of the sample for the survey.

Table 6

PERCENTAGE OF VIETNAM ERA VETERANS WHO USE TRAINING BY TYPE OF TRAINING *

	Percentage of Those Completing Training Who Used Their Training	Percentage of Those Not Completing Training Who Used Their Training
TOTAL	83.1%	39.8%
College level training	89.0	44.9
Non-college level training	73.4	30.8
On-Job training	95.0	50.5
Flight	76.0	47.2
Correspondence	60.4	29.8

* Use of training is defined as the sample percentage of Vietnam era veteran trainees who when questioned about use of training at least 12 months after termination responded that they were working in their field of training or making substantial use of their training in their job.

2. The relatively small amount of usage of training by completed correspondence trainees also shows up as relatively small gains in earnings upon completion when compared to other types of training. Table 7 (using data from the same survey as provided data for the usage percentages) shows yearly earnings differentials (completed minus non-completed) for various types of training under the GI bill.

Table 7

ANNUAL MEDIAN EARNINGS BY TYPE OF TRAINING *

	Complete	Not Complete	Difference
TOTAL	$ 10,813	$ 9,596	$ 1,217
College	11,602	9,727	1,875
Other residence schools	9,326	8,728	598
On-Job training	11,805	9,689	2,116
Flight	12,462	11,830	632
Correspondence	10,136	9,726	410

* Data taken from VA Completion Rate Study, June 1976. All those who were surveyed were terminated at least eleven months prior to the survey.

Assuming that the differentials are maintained over a period of years, it can be seen that the gains from completion of correspondence training will be substantially less than that received in other types of training (although training in residence schools other than college and flight also appear to have relatively small gains in earnings).

3. On top of this, correspondence training has a lower completion rate than other types of training. Table 8 gives the estimated completion rate through fiscal year 1973 by type of training, for those who entered training in fiscal year 1968. 1/

1/ Completion rates for those entering training in fiscal year 1968 in all types of training are expected to rise because trainees who terminate later, having more time to complete, are expected to raise the percentage of completions. Completion rates are taken from the VA Completion Rate Study, June 1976.

Table 8

COMPLETION RATES BY TYPE OF TRAINING FOR VETERANS WHO ENTERED TRAINING IN FISCAL YEAR 1968

	Percentage
TOTAL	55.6%
College level	52.3
Other residence schools	62.1
On-job training	85.4
Flight	71.2
Correspondence	25.6

The correspondence completion rate of 25.6 percent 1/ is far below the overall transitory completion rate of 55.6 percent. From the foregoing information it is possible to infer that correspondence training is the least beneficial of all types of training so far as pursuit of an occupational goal is concerned. Table 9 presents the percentage usage figures for each type of training using the data in tables 6 and 8 and the formula:

Percent who use training =

$$\frac{\begin{pmatrix}\text{Percent}\\ \text{Completed}\end{pmatrix} \text{x} \begin{pmatrix}\text{Percent Completed}\\ \text{Who Use Training}\end{pmatrix} + \begin{pmatrix}\text{Percent Not}\\ \text{Completed}\end{pmatrix} \text{x} \begin{pmatrix}\text{Percent Not Completed}\\ \text{Who Use Training}\end{pmatrix}}{100}$$

Table 9

USAGE PERCENTAGE OF THOSE WHO TRAIN

	Percentage
TOTAL	63.9%
College level	68.0
Other residence schools	57.3
On-job training	88.5
Flight	67.7
Correspondence	37.6 (42.4*)

*The higher percentage assumes that the completion percentage for correspondence is 41.2%, as shown in table 3.

4. Partially offsetting the lack of benefit derived from training by correspondence is the fact that correspondence training serves a slightly different need than do other types of training. For those persons who are older, for those who have been separated from the Armed Forces the longest, for persons living where residence school training is not easily accessible, and for those persons still in the Armed Forces, correspondence training might be the only type of training which is practical. In addition, a larger percentage of educationally disadvantaged Vietnam era veterans (non-high school graduates) have taken correspondence training than veterans who have at least a high school diploma or equivalent. Almost nine percent [8.9%] of educationally disadvantaged Vietnam era veterans had taken correspondence training through November 1974 while 7.4 percent of all others had taken correspondence training.) Educationally disadvantaged Vietnam era veterans who, overall, are less likely to

---

1/ This correspondence percentage completion is lower than the 41.2 percent that was presented in table 3. However, the 25.6 percent is based on a survey of those terminating only through a limited period of time. This percentage is a little higher for later years of entry than FY-1968 and as more complete data becomes available the completion percentage for correspondence trainees who entered in any given fiscal year is expected to rise to approximately the overall correspondence completion rate which currently stands at 41.2 percent. This latter percentage is a little below what the ultimate completion rate is expected to be for correspondence training.

train than the better educated do not seem averse to taking correspondence training. 1/ Correspondence training thus has the property of attracting certain groups of veterans and service personnel who might not otherwise take training.

C. Evaluation of the Costs and Benefits of Correspondence Training: Correspondence training can be summed up as training with low costs and low benefits. On the plus side, correspondence training has a much lower average cost than other types of training. And correspondence training is convenient. Potential trainees, who would have to give up their job or suffer some other inconvenience to take other types of training, can often use their spare time to take correspondence training as can many service personnel whose duties preclude other types of training. In addition, correspondence training has the attribute of less foregone earnings than other types of training because it can be taken in the trainee's spare time. It therefore requires no living expense subsidy in addition to tuition. However, correspondence training has been taken by over one million one hundred thousand persons (1,100,000), most of whom have used their educational benefits on training which is of little apparent value to them in the readjustment process. And while correspondence training has a smaller cost than other types of training, this does not take into account the money foregone by chapter 34 correspondence trainees whose training in accredited schools was interrupted without completion. Such trainees must pay for some portion of the lessons they do not complete. But even more important, citing just the relatively small cost does not take into account the waste in terms of the time and energy people spend in training that has little apparent readjustment benefit to them. Correspondence training is by far the weakest major part of the GI bill education program. It is the weakest part of the program since it does the least, by far, for veterans and service personnel toward "providing vocational readjustment and restoring lost educational opportunities to those servicemen & servicewomen whose careers have been interrupted or impeded by reason of active duty" 2/ and toward "aiding such persons in attaining the vocational and educational status which they might normally have aspired to and obtained had they not served their country." 3/

VI. COMPLETION RATE PERSPECTIVE

A. Completion rates are a common form of evidence available to measure course effectiveness. The completion rate as of December 1974 for veterans and service personnel training by correspondence was 41.2 percent. As has been noted, the completion rate varies among courses and schools.

B. Completion rates for the 20 largest schools varied from a low of 3.2 percent to a high of 67.3 percent for accredited schools and a low of 7.3 percent to a high of 88.2 percent for non-accredited schools (see appendix tables 5 and 9). These extremes show the great disparity of completion rates and the need for further examination of the reasons for the differences.

1/ However, those who have not completed high school appear to have more trouble than others in finishing their course. The VA completion study (Ibid.) finds that for those separated in FY-1968 the percentage correspondence completions were 22.8 percent for less than high school and 26.1 percent for high school or more.

2/ Title 38, United States Code, Veterans Benefits, February 2, 1971, 92nd Congress, 1st Session, House Committee Print No. 286, Statement of Veterans Educational Assistance Purpose, Section 1651.

3/ Ibid.

VII. COMPARISON OF THE STATUS OF VETERAN CORRESPONDENCE TRAINEES IN NOVEMBER 1974 AND APRIL 1973: 1/ Cost reimbursement for correspondence contracts dropped from 100 percent to 90 percent for all contracts written after January 1, 1973. In addition, starting in January 1973, eligible veterans and service personnel were required to affirm an enrollment in a correspondence course 10 days after enrolling in the course. This has raised two questions: (1) whether the drop in support and/or the 10 day cooling off period would cause the proportion of veterans in training who take correspondence training to decrease and (2) whether the drop in support and/or the 10 day cooling off period would cause the correspondence proportion of veterans ever trained to fall. Evidently, both of these things have occurred, although overall participation by veterans shows only a small drop. 2/ Examination of table 10 shows that while correspondence has lagged only a little behind other types of training (as far as growth in the number ever trained is concerned), for veterans in training, the number in correspondence training has dropped at the same time that non-correspondence training has risen. The total number of veterans ever trained in all other types of training grew 30.3 percent between April 1973 and November 1974, while correspondence grew by 29.3 percent which meant that correspondence fell from 18.5 percent of all trainees ever trained as of April 1973 to 18.4 percent as of November 1974. However, whereas the number in training in types of training other than correspondence was 13.4 percent higher in November 1974 than in April 1973, correspondence training was actually 1.7 percent less. As a result, the percentage of the trainees in correspondence training fell from 17.9 percent as of April 1973 to 15.9 percent as of November 1974. In addition, because the percentage of those in training who are correspondence trainees has become smaller, the historical percentage can be expected to drop also. While it is probably too early to speculate quantitatively on the amount of effect that the drop in reimbursement and/or the cooling off period will have, it is safe to say that their effect will be negative (i.e., they will cause the number of people who take correspondence training to be smaller than it would have been had these changes not occurred. 3/

1/ The number of service personnel who are correspondence trainees are excluded because as of November 1972 they were given the additional requirement to consult with their unit education officer prior to entering correspondence training. If service personnel trainees were included, any posited cause for the drop in the percentage of trainees in correspondence training would be open to the criticism that the drop occurred because of the additional requirement for service personnel rather than the proposed cause.

2/ Part of the reason that correspondence training has not shown smaller growth when compared with other training is that it was a relatively small part of the program at the beginning of GI bill training. It started slow, built to a peak in 1973, and has since leveled off and declined. However, even in its decline it shows a substantial growth in the cumulative ever trained because of the low number who came in at the beginning.

3/ Statistical test of whether the fall in the number of veterans in training is significant:

Proportion of training in correspondence April 1973 $= P_{73} = \frac{234,963}{1,314,113} = .179$

Proportion of training in correspondence November 1974 $= P_{74} = \frac{231,074}{1,454,974} = .159$

so that $P = \frac{P_{73} + P_{74}}{2} = 169$

Using the standard test shows: $S = \sqrt{\frac{\bar{P}\,\bar{Q}}{n_1} + \frac{\bar{P}\,\bar{Q}}{n_2}} = \sqrt{.000000203} = .000450787$

If the change in the proportion in correspondence training is statistically significant then $P_{73} - P_{74} \geq +3S$. But $.02 > .001352$ so that the change in the proportion in correspondence is significant and the notion that the change in the level of support and/or the cooling off period had no effect can be rejected in favor of the notion of a negative effect on correspondence training.

Table 10

COMPARISON OF GROWTH IN VETERANS TRAINING IN CORRESPONDENCE
WITH OTHER TYPES OF TRAINING BETWEEN APRIL 1973 AND NOVEMBER 1974

	April 1973	November 1974	Difference	Percent Change November 1974 over April 1973
Training Other than Correspondence				
In training plus terminated	2,960,514	3,857,671	897,157	30.3%
In training	1,079,150	1,223,900	144,750	13.4
Correspondence Training				
In training plus terminated	672,729	869,652	196,923	29.3
In training	234,963	231,074	- 3,889	- 1.7
Total Training				
In training plus terminated	3,633,243	4,727,323	1,094,080	30.1
In training	1,314,113	1,454,974	140,861	10.7

VIII. COMPLETION RATE AND COST EFFECTIVENESS BY COURSE OF TRAINING

A. Number of Trainees and Completion Percentages by Type of Correspondence Training

1. The overall completion rate is composed of higher completion rates in some types of courses than in others. Of the three major groupings of courses taken by correspondence trainees (technical, business & vocational and other) those taking vocational and other courses have a substantially higher completion rate than those in technical courses and a slightly higher completion rate than those in business courses. Table 11 shows the number of trainees by status of training (in training, interrupted, completed) and the completion percentage for each of the three types of courses (see appendix table 13).

2. When these three categories of correspondence training are broken down into their respective courses, technical courses are found to have uniformly low completion rates while business courses and vocational and other courses have a mixture of high and low completion rates. In the technical category the three courses with the largest number of total trainees (representing 97.8 percent of total technical trainees) all have completion rates which are well below the average.

Three Largest Courses (by total trainees)		Completion Rate
311	Electronic technician	28.9%
312	Engineering technician	13.7
315	Legal technician	25.5

3. Of the five business courses with the largest total trainees (representing 85.1 percent of total business trainees) two have completion rates which are far above the average and three have completion rates which are far below the average.

Five Largest Courses (by total trainees)		Completion Rate
421	Accounting	10.1%
423	Bookkeeping	30.1
424	Computer technology	20.0
427	Real estate & insurance	71.0
428	Salesmanship	61.7

4. The category of correspondence training with the highest overall completion rate, vocational and other courses, is composed of courses with widely varying completion rates. However, the five courses with the largest number of total trainees (representing 66.9 percent of the trainees in vocational and other courses) have completion rates at or above the average.

Five Largest Courses (by total trainees)		Completion Rate
510	Air conditioning & refrigeration	45.2%
540	Electrical trades	49.5
553	Electronic & other communication mechanics & repairmen	41.2
571	Automobile or motor vehicle mechanics & repairmen	61.4
629	Heavy equipment operation	66.4

5. These five courses help give this otherwise mixed category its comparatively high overall completion percentage. The number of correspondence trainees in training, interrupted and completed for each of the major courses in the three categories of training are found in appendix table 14 along with a completion rate for each course.

Table 11

CHAPTER 34 CORRESPONDENCE TRAINEES BY TYPE OF COURSE AND STATUS OF TRAINING AND COMPLETION PERCENTAGE BY TYPE OF COURSE

December 31, 1974

Type of Course	In Training	Inter-rupted	Completed	Total	Completion Percentage	Average Cost
TOTAL	360,961	440,598	308,534	1,110,093	41.2%	$ 837.21
Technical	19,527	61,944	20,426	101,897	24.8	661.86
Percent	5.4%	14.1%	6.6%	9.2%		
Business	26,647	91,271	64,172	182,090	41.3	1,009.38
Percent	7.4%	20.7%	20.8%	16.4%		
Vocational & other courses*	314,787	287,383	223,936	826,106	43.8	803.86
Percent	87.2%	65.2%	72.6%	74.4%		

* Vocational and other courses include a small amount of secondary courses about 1.7 percent of the correspondents ever trained and 0.7 percent of those in training on December 31, 1974. The small amount of college training is included in all three categories.

6. It has been suggested that this data shows that detailed technical training taken by mail may stand a lesser chance of success than less rigorous vocational training. The current data do not contain any rigor components and as such further examination of this hypothesis is impossible at this point. However, it does pose the question of, "which types of training are most conducive to home study and which types are better left to the classroom or shop?" The answer suggested may be worth further investigation.

B. Effectiveness of VA Expenditures for Correspondence Courses

1. Because correspondence trainees who do not complete correspondence training are less likely to be able to use skills acquired in training than trainees who do complete correspondence training (29.8 percent non-complete vs. 60.4 percent complete [see table 6]) it is desirable to compare the relative completion cost effectiveness of VA expenditures for various courses. This is done by calculating the percentage of expenditures that went for trainees who completed courses out of expenditures on those trainees who are terminated (interrupted plus completed). Although the usefulness of the training received in the various courses is certain to vary, this percentage can be expected to indicate in some measure what percentage of the money spent on the various courses was spent where the greatest probability exists for training that is useble to the trainee (i.e., in courses where training is completed). 1/ Table 12 shows the completion cost effectiveness percentages along with the completion rates for the major courses in the three major types of training; technical, business and, vocational and other training.

2. The completion cost percentage among these major courses ranged from a low of 36.0 percent for Engineering technicians to a high of 92.0 percent for Real Estate and Insurance. As might be expected, completion rates and completion cost effectiveness are very highly correlated (r = .953). This means that courses with low completion rates also tend to have low cost effectiveness ratings. In addition, there are no exceptions in the completion rate completion cost effectiveness percentage correlation. The major courses (given above) which have high completion rates are in the high completion cost effectiveness percentage range and vice versa. In fact all of these major courses which are above average in completion rates are above average in completion cost effectiveness. Electronic and other communication mechanics and repairmen which had a completion percentage which was exactly average had a cost effectiveness percentage slightly below average.

IX. NUMBER OF TRAINEES, COMPLETION PERCENTAGES, AND COST EFFECTIVENESS BY COURSE BY SCHOOL: Because course completion rates and cost effectiveness percentages vary between schools, the overall course completion percentages and cost effectiveness percentages of paragraph VIII cannot be expected to reflect course completion rates or cost effectiveness of particular courses at particular schools. Appendix table 16 provides a listing of detailed training information on each correspondence course at each school which had either 1,000 or more ever trained or 100 or more in training on December 31, 1974. This listing encompasses 91.8 percent of the veterans and service personnel ever trained in correspondence training and 96.3 percent of veterans and service personnel in training on December 31, 1974.

1/ A warning is in order; viz that a low completion cost effectiveness percentage may reflect a difficult yet beneficial course whereas a high completion cost effectiveness percentage may reflect an easy but less beneficial course (see section VI).

Table 12

COST EFFECTIVENESS BY MAJOR COURSES IN THE THREE MAJOR TYPES OF CORRESPONDENCE TRAINING

(Through December 31, 1974)

Course Code & Title		Expenditures for those Interrupted	Expenditures for those Completed	Cost Effective Percentage	Completion Percentage
TOTAL OVERALL		$ 76,808,866	$ 258,307,186	77.1%	41.2%
Technical					
311	Electronics technician	7,125,350	11,821,336	62.4	28.9
312	Engineering technician	1,755,864	98[illegible],119	36.0	13.7
315	Legal technician	695,288	497,951	41.7	25.5
Business					
42[illegible]	Accounting	3,052,400	1,730,980	36.2	10.1
423	Bookkeeping	854,802	1,727,534	66.9	30.1
424	Computer technology	3,504,761	3,065,168	46.7	20.0
427	Real estate & insurance	4,048,427	46,712,111	92.0	71.0
428	Salesmanship	922,183	7,529,200	89.1	61.7
Vocational & other courses					
510	Air conditioning & refrigeration	5,460,597	21,968,419	80.1	45.2
540	Electrical trades	2,060,851	11,471,900	84.8	49.5
553	Electronic & other communication mechanics & repairmen	13,631,299	38,063,738	73.6	41.2
571	Automobile or motor vehicle mechanics & repairmen	5,844,986	43,662,533	88.2	61.4
629	Heavy equipment operation	3,645,673	25,534,730	87.5	66.4

X. CORRESPONDENCE SCHOOLS

A. Accredited - Non-Accredited Distinction

1. An important distinction to make when discussing GI bill correspondence training by school is the difference between accredited and non-accredited schools. An accredited school is one which is accredited by the National Home Study Council (an accrediting agency recognized by the Commissioner of Education) and a non-accredited school is one which is not. For chapter 34 trainees the method of financing a course will depend on whether the course is accredited or non-accredited. Financing correspondence courses occurs in the following manner. Reimbursement for training is the same for accredited and non-accredited alike. A veteran or service person is reimbursed for 90 percent of the cost of the completed course times the proportion of the lessons which are completed (for contracts written after January 31, 1973). However, for non-completed courses, the amount for which chapter 34 trainees are obligated to the schools differs between accredited and non-accredited schools. For non-accredited schools, the trainee's obligation is simply the cost of the completed course times the proportion of lessons completed plus $10. For accredited schools there are additional charges. The obligation of the trainee in accredited schools is set out in title 38, U. S. Code as:

> In the event a veteran . . . elects to terminate his enrollment under an affirmed enrollment agreement, the institution (other than one subject to the provisions of section 1776 of this title) may charge the veteran . . . a registration or similar fee not in excess of 10 per centum of the tuition for the course, or $50 whichever is less. Where the veteran . . . elects to terminate the agreement after completion of one or more but less than 25 per centum of the total number of lessons comprising the course, the institution may retain such registration or similar fee plus 25 per centum of the tuition for the course. Where the veteran . . . elects to terminate the agreement after completion of 25 per centum but less than 50 per centum of the lessons comprising the course, the institution may retain the full registration or similar fee plus 50 per centum of the course tuition. If 50 per centum or more of the lessons are completed, no refund of tuition is required. (Added P.L. 92-540, §316 (1).) *

* Title 38, U. S. Code, December 31, 1974, chapter 36, section 1786 (c), page 214.

For completed courses the obligation for chapter 34 trainees is the same for accredited and non-accredited schools; i.e., 100 percent of the cost of the course (90 percent of which is reimbursed).

2. Most correspondence trainees under chapter 34 have trained in accredited schools. Of the 1,099,275 trainees who were listed in facilities with valid facility codes and whose last type of training was correspondence as of December 31, 1974, 948,997 or 86.3 percent had trained in schools currently (December 31, 1974) listed as accredited. However, this distribution is subject to distortion because persons who might have trained in a school when it was of one status are counted in the school's current status even if it has changed. For example, a person who trained in a school when it was accredited will be listed as training in a non-accredited school if the school later lost its accreditation. A more valid distribution between accredited and non-accredited school training is found for those in training. Most correspondence trainees in training are heavily concentrated in accredited schools. Of the 356,408 persons in correspondence training on December 31, 1974, who had valid facility codes, 337,644 or 94.7 percent were training in accredited schools. Of the top 10 schools in terms of total numbers of persons ever trained, only one is currently non-accredited and of the top 10 schools in terms of the number of persons in training on December 31, 1974 none were non-accredited (see appendix tables 5 and 9 for details of the accredited and non-accredited status of large correspondence schools).

3. The average cost per completed course has been higher in non-accredited schools than for accredited schools ($782.47 for accredited, $1,015.13 for non-accredited). However, the relatively high cost reflected by non-accredited training occurs because of one school, Elba Systems Corp. This school had an extremely high average cost ($1,441.55). Moreover, between December 1973 and December 1974 it switched from an accredited to non-accredited status. Since most trainees of this school trained in the school when it was accredited, it is not proper to assign its cost to non-accredited schools. When it is removed from both the accredited and non-accredited categories the average costs for these categories become respectively $782.47 for accredited and $671.79 for non-accredited. The upshot is that because of changes in accreditation status, it is not possible to compare average course costs between the whole category of correspondence trainees listed in accredited courses and the whole category of correspondence trainees listed in non-accredited courses. As an alternative it is possible to compare average expenditures which have been paid to current trainees in accredited and non-accredited correspondence training. When this is done, accredited courses are found to be more expensive than the non-accredited ($372.37 for accredited, $229.98 for non-accredited). This alternative measure of relative cost is weak because it does not reflect completed costs for whole courses.

4. The completion rate for trainees in non-accredited schools was higher than trainees in accredited schools. Table 13 shows the completion rates for veterans and service personnel in accredited and non-accredited schools.

Table 13

COMPLETION RATES FOR VETERANS AND SERVICE PERSONNEL IN ACCREDITED AND NON-ACCREDITED CORRESPONDENCE SCHOOLS

Through December 31, 1974

	Total	Veterans	Service Personnel
Accredited schools	38.1%	38.3%	37.6%
Non-accredited schools	54.8	56.2	47.7

Again, because of some trainees who are reclassified when their school's accreditation status is changed, it is not appropriate to take these completion rates too seriously.

B. Proprietary Status of Correspondence Training vis a vis other GI Bill Training: Almost all correspondence training under chapter 34 has been taken in private profit schools. Each of the three other types of training under chapter 34 have had lesser percentages in private profit institutions than correspondence training. Table 14 shows the distribution of the ever trained by proprietary status through November 1974 for the four types of training taken under chapter 34.

Table 14

PERCENTAGE DISTRIBUTION BY PROPRIETARY STATUS FOR THOSE EVER TRAINED UNDER CHAPTER 34

Through November 30, 1974*

Type of Training	Total	Public	Private Non-Profit	Private Profit
Correspondence	100.0%	0.4%	0.1%	99.6%
College	100.0	78.6	18.8	2.6
Other residence schools	100.0	38.2	5.5	56.3
On-job training	100.0	10.9	5.3	83.7

* Percentages may not add to 100.0% because of rounding.

C. The Concentration of Correspondence Trainees by School

1. There were nearly 5,000 colleges, over 7,000 residence schools other than college, and nearly 50,000 on-job training facilities in which chapter 34 trainees took training during fiscal year 1975. No one of these institutions contained even one percent of the trainees in its category. On the other hand, veterans and service personnel choosing correspondence training have tended to be concentrated in a few large schools (even though there were 280 correspondence schools approved for chapter 34 trainees as of December 31, 1974). 1/ Through December 31, 1974, out of the 1,099,275 chapter 34 trainees who took correspondence training and whose records had valid facility codes, 667,935 or 60.8 percent had trained in the five schools with the largest totals ever trained. In addition, correspondence training was more concentrated on December 31, 1974 than it had been historically. Out of the 356,408 persons in correspondence training under chapter 34 on December 31, 1974, a total of 289,743 or 81.3 percent were in the top five schools in number of persons in training (the same five which were largest historically). Moreover, the actual increase in the concentration of correspondence training took place primarily in the top three schools. These schools in which 46.6 percent of correspondence trainees had trained historically, accounted for 72.6 percent of those in training on December 31, 1974. The distribution of chapter 34 correspondence trainees among the five largest correspondence schools and a category for all other correspondence schools is shown in table 15 below for both the in training and the ever trained.

Table 15

PERCENTAGE DISTRIBUTION OF CHAPTER 34 CORRESPONDENCE TRAINEES BY SCHOOL

	Percentage of Total Correspondence Trained in the Given School through December 31, 1974	Percentage of Correspondence In Training Who Are Training in the Given School on December 31, 1974
TOTAL	100.0%	100.0%
Bell & Howell*	19.0	38.5
Advance Schools*	16.5	19.8
Commercial Trades Institute	11.1	14.4
International Correspondence Schools	7.1	4.9
LaSalle Extension University	7.1	3.7
Other schools	39.2	18.7

* During April 1976 Bell & Howell terminated correspondence training and stopped receiving new trainees and in April 1975 Advance Schools, Inc. terminated correspondence training and stopped receiving new trainees. The number in training in Bell & Howell as of December 31, 1974 was 137,177 and the number in training in Advance Schools as of December 31, 1974 was 70,417.

2. Appendix table 17 gives a list of the top 12 correspondence schools (ordered by total enrollment). For each school the list gives the total number ever trained and the number in training as well as cumulative VA expenditures paid to the school's trainees historically and cumulative VA expenditures paid to those of the school's trainees in training on December 31, 1974. In addition, the respective totals for all schools (with valid facility codes) are also given in order to compare particular schools' totals with the overall totals.

1/ Not surprisingly, the 7 correspondence schools with the largest number of GI bill trainees were also the 7 institutions with the largest GI bill enrollment for any type of training (for the in training October 31, 1974).

Table 16

PERCENTAGE DISTRIBUTION OF VA EXPENDITURES TO THE CHAPTER 34 TRAINEES OF THE TOP FIVE CORRESPONDENCE SCHOOLS IN CHAPTER 34 EXPENDITURES

(For Both Cumulative Expenditures through December 31, 1974 and Expenditures Paid to Those In Training on December 31, 1974)

School	Percentage of Cumulative Correspondence Expenditures ($462 Million) Reimbursed to Trainees of the Given School through December 31, 1974	School	Percentage of Correspondence Expenditures ($130 Million) Reimbursed to Those Who Were Trainees of the Given School on December 31, 1974
TOTAL	100.0%	TOTAL	100.0%
Bell & Howell	23.5	Bell & Howell	53.1
Advance Schools, Inc.	21.8	Advance Schools, Inc.	19.2
Elba Systems Corporation	9.5	Commercial Trades Institute	7.8
Commercial Trades Institute	7.4	International Correspondence School	3.8
Universal Training Service, Inc.	5.2	LaSalle Extension University	2.4
Other Schools	32.5	Other Schools	13.8

D. Concentration of Correspondence Expenditures by School: Most VA expenditures for correspondence training have gone to the trainees of a few large schools. [1] Of the $462 million spent for those whose latest training status was correspondence training, $312 million or 67.5 percent of the total expenditures went to trainees in the top five correspondence schools. In addition, the concentration of expenditures in a few schools was higher for those students in training than it had been historically. Of the $130 million which had been paid to those in training on December 31, 1974, $112 million or 86.2 percent went to trainees of the five schools with the largest expenditures paid to those in training. However, most of the increased concentration of expenditures among the top five schools occurred in the top school, Bell & Howell. A total of $69 million, or 53.1 percent of the expenditures paid to those in training, went to those training at Bell & Howell. [2] By comparison historically, Bell & Howell trainees under the GI bill had received 23.5 percent of cumulative correspondence expenditures. As table 16 shows, three of the five top schools in terms of expenditures for those students in training are in the top five in terms of historical expenditures.

E. Effectiveness of VA Expenditures by School

1. Just as it is possible to compare the relative cost effectiveness of courses using the completion cost effectiveness percentages, it is possible to compare the relative completion cost effectiveness of VA expenditures in the various schools using completion cost effectiveness percentages. Although the usefulness of the training received at the various schools is certain to vary, this ratio can be expected to give some measure of the completion cost effectiveness of expenditures at the various schools. The completion cost effectiveness percentage for the top 20 schools by total trainees is shown in appendix table 15. [3] For these top 20 correspondence schools the school completion cost effectiveness percentage varies from 16.8 percent to 99.4 percent. As is true with courses there is a very high correlation between completion rate and cost completion percentage, (r = .958).

2. Table 17 gives the cost completion percentages and completion rates for the five largest correspondence schools as measured by the number of trainees (both in number in training and number ever trained).

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[1] With some minor rearrangement of the order, the schools which have had the greatest cumulative expenditures paid to their trainees are also the ones which have had the greatest number of cumulative trainees. For the in training on December 31, 1974, the schools with the largest enrollment correspond even more closely to the schools whose students were reimbursed with the greatest expenditures (appendix table 17 has details).

[2] In fact, $64 million or 49.5 percent of the $130 million total expenditure, to those in correspondence training on December 31, 1974, went to those in training in one course at Bell & Howell, Electronics and other communications mechanics and repairmen.

[3] Here one must note the usual warning that some courses in some schools may present complex materials that are difficult, yet possibly worthwhile, and still have a low cost effectiveness while other courses in other schools may be easy and present courses which are not as beneficial.

Table 17

COMPLETION COST EFFECTIVENESS PERCENTAGES FOR THE FIVE LARGEST CORRESPONDENCE SCHOOLS

(As of December 31, 1974)

School	Completion Cost Effectiveness Percentage	Completion Rate
ALL SCHOOLS	77.1%	41.2%
Bell & Howell	68.1	33.6
Advance Schools, Inc.	87.5	61.3
Commercial Trades Institute	75.7	39.3
International Correspondence Schools	49.1	16.5
LaSalle Extension University	49.2	20.9

3. Only one of the top five correspondence schools in terms of both cumulative GI bill trainees and veterans and service personnel in training had a completion cost effectiveness above the mean completion cost effectiveness percentage for all schools of 77.1 percent. The one school is the Advance Schools which is now taking no new trainees.
The Commercial Trade Institute was just short of the mean with a completion cost effectiveness of 75.7 percent. The five correspondence schools with the largest number of trainees as shown above are also the five largest in expenditures for those in training on December 31, 1974 (accounting for 86.2 percent of cumulative VA expenditures to those correspondence trainees in training).

4. Completion cost effectiveness percentages and completion rates for the five correspondence schools with the largest cumulative amount of VA correspondence expenditures for correspondence trainees ever trained are shown in table 18.

Table 18

COMPLETION COST EFFECTIVENESS PERCENTAGES AND COMPLETION RATES OF THE FIVE CORRESPONDENCE SCHOOLS WITH THE LARGEST CUMULATIVE EXPENDITURES

Through December 31, 1974*

School	Completion Cost Effectiveness Percentage	Completion Rate
ALL SCHOOLS	77.1%	41.2%
Bell & Howell	68.1	33.6
Advance Schools, Inc.	87.5	61.3
Elba Systems Corporation	95.7	88.2
Commercial Trades Institute	75.7	39.3
Universal Training Service, Inc.	82.1	63.6

* These top five schools in total cumulative VA expenditures accounted for 67.5 percent of VA expenditures for those with correspondence training as the last type of training.

Of the top five correspondence schools in cumulative VA expenditures three have completion cost effectiveness percentages which are above the mean. However, one of these schools is taking no new trainees; (Advance Schools, Inc., completion cost effectiveness percentage, 87.5 percent).

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Appendix Table 1

SUMMARY OF CORRESPONDENCE SCHOOL TRAINEES BY ACCREDITED AND NON-ACCREDITED STATUS

December 31, 1974

	In Training	Interrupted	Completed	Total	Percent Completed	Average Cost
Accredited Schools						
Veterans	263,722	304,946	188,985	757,653	38.3%	$ 795.00
Service Personnel	73,922	73,244	44,178	191,344	37.6	728.84
TOTAL	337,644	378,190	233,163	948,997	38.1	782.47
Non-Accredited Schools						
Veterans	13,217	48,622	62,293	124,132	56.2	1,060.57
Service Personnel	5,547	10,765	9,834	26,146	47.7	727.30
TOTAL	18,764	59,387	72,127	150,278	54.8	1,015.13
Not Classified Due to Invalid Facility Code						
Veterans	3,505	2,628	2,401	8,534	47.7	772.12
Service Personnel	1,048	393	843	2,284	68.2	939.93
TOTAL	4,553	3,021	3,244	10,818	51.8	815.73
Combined Accredited, Non-Accredited and Invalid						
Veterans	280,444	356,196	253,679	890,319	41.6	860.00
Service Personnel	80,517	84,402	54,855	219,774	39.4	731.81
TOTAL	360,961	440,598	308,534	1,110,093	41.2	837.21

Appendix Table 2

ACCREDITED CORRESPONDENCE SCHOOLS

Ranking of Twenty Major Courses by Number of Trainees

December 31, 1974

Rank	Course Code	Course Title	Total Number of Trainees
1	553	Electronics and other communications mechanics and repairmen	232,520
2	571	Automobile and motor vehicle mechanics and repairmen	133,057
3	510	Air conditioning and refrigeration	84,072
4	311	Electronic technician	63,360
5	540	Electrical trades	39,129
6	421	Accounting	38,925
7	629	Heavy equipment operation	34,381
8	424	Computer technology	29,525
9	323	Drafting	25,505
10	427	Real estate and insurance	21,775
11	312	Engineering technician	21,360
12	436	Protective services	19,567
13	452	Secondary courses	16,821
14	526	Other construction and related courses	16,762
15	433	Hotel and motel training	15,297
16	423	Bookkeeping	15,183
17	334	Radio and TV broadcasting	11,576
18	552	Electronics operation	9,303
19	577	Mechanical courses	9,276
20	437	Airline services	8,719

Appendix Table 3

ACCREDITED CORRESPONDENCE SCHOOLS

Ranking of Twenty Major Courses by Completion Rates

December 31, 1974

Rank	Course Code	Course Title	Number Interrupted or Completed	Number Completed	Completion Rate
1	629	Heavy equipment operation	29,498	18,272	61.9%
2	571	Automobile & motor vehicle mechanics & repairmen	67,762	41,157	61.4
3	427	Real estate & insurance	20,072	11,730	58.4
4	577	Mechanical courses	6,364	3,282	51.6
5	437	Airline service	7,910	4,062	51.4
6	433	Hotel & motel training	13,213	6,628	50.2
7	540	Electrical trades	27,751	13,823	49.8
8	510	Air conditioning & refrigeration	54,899	24,798	45.2
9	428	Salesmanship	3,921	1,663	42.4
10	436	Protective services	16,059	6,738	42.0
11	553	Electronics & other communications mechanics & repairmen	84,624	35,234	41.6
12	334	Radio & TV broadcasting	10,201	3,524	34.5
13	526	Construction & related courses	9,383	3,152	33.5
14	423	Bookkeeping	9,420	2,819	29.9
15	311	Electronic technician	48,382	14,305	29.6
16	452	Secondary courses	14,382	3,118	21.7
17	424	Computer technology	23,041	4,697	20.4
18	312	Engineering technician	19,025	2,608	13.7
19	323	Drafting	19,241	2,013	10.5
20	421	Accounting	32,608	3,225	9.9

Appendix Table 4

ACCREDITED CORRESPONDENCE SCHOOLS
Ranking of Twenty Major Courses by Cost
December 31, 1974

Rank	Course Code	Course Title	Average Cost Completed
1	553	Electronic and other communications mechanics and repairmen	$ 1,060.08
2	334	Radio and TV broadcasting	940.98
3	571	Automobile and motor vehicle mechanics and repairmen	873.33
4	510	Air conditioning and refrigeration	865.56
5	540	Electrical trades	821.06
6	629	Heavy equipment operation	815.57
7	311	Electronic technician	756.62
8	437	Airline service	715.79
9	433	Hotel and motel training	692.89
10	427	Real estate and insurance	629.88
11	423	Bookkeeping	599.18
12	424	Computer technology	596.20
13	421	Accounting	510.22
14	577	Mechanical courses	486.64
15	526	Other construction and related courses	481.04
16	552	Electronics operations	466.04
17	323	Drafting	445.43
18	436	Protective services	434.35
19	312	Engineering technician	361.66
20	452	Secondary courses	328.32

Appendix Table 5

TWENTY LARGEST ACCREDITED CORRESPONDENCE SCHOOLS SHOWING PERCENTAGE COMPLETED AND AVERAGE COST

December 1974 [1/]

School Code	Name	In Training	Inter-rupted	Completed	Total	Percent Completed	Average Cost
25900513	Bell & Howell Schools, Chicago, Illinois	137,177	47,316	23,924	208,417	33.6%	$ 1,131.39
28044813	Advanced Schools Inc., Chicago, Illinois	70,417	42,892	68,035	181,344	61.3	974.91
28046313	Commercial Trades Institute, Chicago, Illinois	51,171	43,345	28,039	122,555	39.3	653.32
28003138	International Corres. Schools, Scranton, Pa.	17,617	50,290	9,937	77,844	16.5	400.96
26013813	LaSalle Extension University, Chicago, Ill.	13,361	50,954	13,460	77,775	20.9	463.81
28130710	Universal Training Service, Inc., Miami, Fla.	3,678	14,776	25,871	44,325	63.6	741.97
28900805	National Technical Schools, Los Angeles, Calif.	6,315	9,281	19,113	34,709	67.3	727.41
25000709	Capitol Radio Engineering Institute, Wash., D.C.	5,766	18,706	1,066	25,538	5.4	527.80
26012813	International Accountants Society, Chicago, Ill.	3,055	16,782	2,510	22,347	13.0	572.29
28003135	Cleveland Institute of Electronics, Cleveland, Ohio	4,995	14,637	1,476	21,108	9.2	369.81
28750805	North Amer. Corres. School, Inc., Newport Beach, California	4,185	9,817	6,266	20,268	39.0	471.39
28051511	Ryder Technical Institute, Atlanta, Georgia	2,683	4.719	8,929	16,331	65.4	698.27
28515325	American Automation Training Centers, Inc., Kansas City, Missouri	3,414	5,144	619	9,177	10.7	1,000.26
28751405	Columbia School of Broadcasting, San Francisco, California	811	4,071	3,533	8,415	46.5	931.66
28400032	RCA Institutes, Inc., New York, N.Y.	1,418	5,268	1,596	8,282	23.3	408.80
26503435	Lincoln Extension Institute, Cleveland, Ohio	1,337	4,224	796	6,357	15.9	435.74
25000113	Chicago Technical College, Chicago, Illinois	228	3,826	125	4,179	3.2	410.63
28001509	National Radio Institute, Wash., D.C.	1,428	2,033	642	4,103	24.0	420.53
25007249	Career Academy School of Famous Broadcasters, Milwaukee, Wisconsin	73	3,543	420	4,036	10.6	779.05
28102510	Massey Technical Institute, Jacksonville, Fla.	425	3,024	442	3,891	12.8	646.93

[1/] Status of accreditation based on the "List of Approved Schools Offering Correspondence Courses Approved by State Approving Agencies for the Training of Veterans Under the GI Bill." July 1, 1973.

Appendix Table 6

NON-ACCREDITED CORRESPONDENCE SCHOOLS

Ranking of Twenty Major Courses by Number of Trainees

December 31, 1974

Rank	Course Code	Course Title	Total Number of Trainees
1	427	Real estate and insurance	29,620
2	629	Heavy equipment operation	19,138
3	577	Mechanical courses	9,924
4	433	Hotel and motel training	7,224
5	324	Photography	6,083
6	428	Salesmanship	5,923
7	576	Aircraft mechanics	5,300
8	311	Electronic technician	5,119
9	321	Commercial arts	4,931
10	631	Upholstering	4,265
11	436	Protective services	3,785
12	553	Electronic and other communications mechanics and repairmen	2,608
13	452	Secondary courses	2,053
14	335	Performing arts	1,975
15	424	Computer technology	1,857
16	315	Legal technician	1,478
17	320	Applied arts	1,187
18	312	Engineering technicians	698
19	540	Electrical trades	657
20	586	Foundry and metal work	625

30.

Appendix Table 7

NON-ACCREDITED CORRESPONDENCE SCHOOLS

Ranking of Twenty Major Courses by Completion Rates

December 31, 1974

Rank	Course Code	Course Title	Number Interrupted or Completed	Number Completed	Completion Rate
1	586	Foundry and metal work	594	518	87.2%
2	427	Real estate and insurance	33,116	26,054	78.7
3	629	Heavy equipment operation	16,084	12,009	74.7
4	428	Salesmanship	6,696	4,884	72.9
5	436	Protective service	6,083	3,456	56.8
6	577	Mechanical courses	8,905	4,974	55.9
7	433	Hotel and motel training	8,446	4,638	54.9
8	510	Air conditioning and refrigeration	475	248	52.2
9	631	Upholstering	3,671	1,628	44.3
10	576	Aircraft mechanics	7,289	3,174	43.5
11	540	Electrical trades	645	243	37.7
12	553	Electronic & other communications mechanics & repairmen	2,291	579	25.3
13	311	Electronic technician	4,698	1,029	21.9
14	335	Performing arts	2,425	448	18.5
15	320	Applied arts	1,402	249	17.8
16	324	Photography	7,134	1,105	15.5
17	424	Computer technology	1,861	275	14.8
18	312	Engineering technicians	709	87	12.3
19	321	Commercial arts	5,835	631	10.8
20	452	Secondary courses	1,995	174	8.7

31.

Appendix Table 8

NON-ACCREDITED CORRESPONDENCE SCHOOLS
Ranking of Twenty Major Courses by Cost
December 31, 1974

Rank	Course Code	Course Title	Average Cost Completed
1	510	Air conditioning and refrigeration	$ 1,722.33
2	427	Real estate and insurance	1,496.61
3	428	Salesmanship	1,114.88
4	436	Protective services	1,008.16
5	553	Electronics and other communications mechanics and repairmen	989.80
6	311	Electronic technician	917.22
7	629	Heavy equipment operation	849.66
8	576	Aircraft mechanics	777.07
9	424	Computer technology	757.77
10	334	Radio and TV broadcasting	720.51
11	433	Hotel and motel training	675.27
12	335	Performing arts	662.50
13	320	Applied arts	650.48
14	321	Commercial arts	598.52
15	586	Foundry and metal work	591.48
16	312	Engineering technician	490.37
17	324	Photography	447.17
18	540	Electrical trades	377.44
19	452	Secondary courses	346.64
20	577	Mechanical courses	293.15

Appendix Table 9

TWENTY LARGEST NON-ACCREDITED CORRESPONDENCE SCHOOLS

Showing Percentage Completed and Average Cost

December 31, 1974 [1]

Rank	Code	Name of School	In Training	Inter-rupted	Completed	Total	Percent Completed	Average Cost
1	28016406	Elba Systems Corp.	459	3,342	25,053	28,854	88.2%	$ 1,660.26
2	28303130	Locksmith Institute	2,923	3,029	3,779	9,731	55.5	262.83
3	28010530	American Training Services, Inc., Cherry Hill, New Jersey	1,492	1,962	3,967	7,421	66.9	805.37
4	28555214	United Systems, Inc., Indianapolis, Ind.	1,022	1,165	4,785	6,972	80.4	814.99
5	28807007	Famous Artist School, Westport, Conn.	169	5,605	732	6,506	11.6	596.43
6	28844349		291	4,867	550	5,708	10.2	728.97
7	28026543	University Schools, Inc.	90	3,101	2,188	5,379	41.4	169.76
8	28807107	Famous Photo. School, Westport, Conn.	109	4,013	855	4,977	17.6	709.61
9	28751505	Jetma Technical Institute	374	2,375	1,678	4,427	41.4	923.41
10	28020614	American Jet School, Inc., Michigan City, Indiana	186	2,491	1,648	4,325	39.8	631.50
11	28753605	Peace Officer Training Svc., San Leandro, California	2,318	1,402	504	4,224	26.4	716.03
12	28751305	Harvey Emerson Enterprises, Inc., Orange, California	1,119	1,643	1,271	4,033	43.6	193.99
13	28042046	American Motel School, Inc., Roanoke, Va.	263	1,077	2,179	3,519	66.9	807.23
14	28384347	Sales Training, Inc., Seattle, Washington	41	966	2,312	3,319	70.5	936.80
15	28245047	Mayday Company, Seattle, Washington	562	699	1,604	2,865	69.6	1,441.18
16	28030730	School of Modern Photo., Little Falls, N.J.	830	1,246	606	2,682	32.7	194.69
17	28400732	National School of Home Study, New York, N.Y.	5	1,819	144	1,968	7.3	246.99
18	28010803	Modern Gun Repair School, Inc.	737	433	677	1,847	61.0	455.92
19	26017530	Electronic Computer Programming Training Center, East Orange, New Jersey	1	1,535	131	1,667	7.9	182.77
20	28006635	Electronic Technology Institute, Cleveland, Ohio	109	993	340	1,442	25.5	730.57

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[1] Status of accreditation based on the "List of Approved Schools offering Correspondence Courses Approved by the State Approving Agencies for the Training of Veterans under the GI Bill," July 1, 1973.

VETERAN CORRESPONDENCE TRAINEES AS PERCENT OF ALL VETERAN TRAINEES BY AGE AT ENTRY INTO TRAINING

June 1974

Age	Number of Veterans In Training & Terminated	Number of Correspondence In Training & Terminated	Percentage of Veterans In Training & Terminated in Correspondence
20 & Under	84,314	12,000	14.2%
21	192,681	24,207	12.6
22	409,993	51,227	12.5
23	547,726	70,758	12.9
24	528,174	74,321	14.1
25	435,102	67,938	15.6
26	347,629	59,266	17.0
27	278,505	51,929	18.6
28	221,391	45,822	20.7
29	187,822	41,760	22.2
30	160,373	37,894	23.6
31	136,478	33,962	24.9
32	117,372	31,298	26.7
33	102,752	28,910	28.1
34	89,364	26,358	29.5
35 & Over	569,133	170,143	29.9

Appendix Table 10

Appendix Table 11

TRAINEES IN CORRESPONDENCE SCHOOLS BY YEAR FOR THOSE SEPARATED IN 1965 [1]

Fiscal Year	Veterans Entering Training	Veterans Entering Correspondence	Correspondence Trainees as Percent of Total
1974	12,115	3,516	29.0%
1973	14,981	4,851	32.4
1972	15,943	5,922	37.1
1971	18,032	5,490	30.4
1970	17,927	5,799	32.3
1969	22,036	5,629	25.5
1968	29,625	6,400	21.6
1967	49,776	6,612	13.3

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[1] A single year of separation is used to illustrate the higher proportion of entries into correspondence training in successive years after the first year of eligibility for training. A similar trend is observed for each fiscal year of separation group.

Appendix Table 12

CORRESPONDENCE TRAINEES EVER TRAINED BY EDUCATIONAL LEVEL

November 1974

Educational Level	All Persons Number Ever Trained	Number in Correspondence	Percent in Correspondence
Non-High School Graduate	645,835	175,664	27.2%
High School Graduate	3,533,354	819,003	23.2
One or More Years of College	1,086,638	106,522	9.8
TOTAL	5,265,827	1,101,189	20.9

Appendix Table 13

PERCENTAGE DISTRIBUTION OF CORRESPONDENCE TRAINEES BY TYPE OF COURSE
December 31, 1974

	In Training	Interrupted	Completed	Total
Technical	19,527	61,944	20,426	101,897
Percent	5.4%	14.1%	6.6%	9.2%
Business	26,647	91,271	64,172	182,090
Percent	7.4%	20.7%	20.8%	16.4%
Vocational & Other 1/	314,787	287,383	223,936	826,106
Percent	87.2%	65.2%	72.6%	74.4%
TOTAL	360,961	440,598	308,534	1,110,093
Percent	100.0%	100.0%	100.0%	100.0%

1/ Includes less than one percent in the categories college and high school.

Appendix Table 14

TRAINEES IN MAJOR CORRESPONDENCE COURSES TAKEN BY VETERANS AND SERVICE PERSONNEL UNDER CHAPTER 34

BOTH ACCREDITED AND NON-ACCREDITED

As of December 31, 1974

		In Training	Interrupted	Completed	Total	Completion Percentage
Technical						
311	Electronics technician	15,486	37,746	15,334	68,566	28.9%
312	Engineering technician	2,344	17,039	2,695	22,078	13.7
313	Medical & related technician	120	253	153	526	37.7
314	Other technical courses	113	1,271	317	1,701	20.0
315	Legal technician	1,230	5,210	1,785	8,225	25.5
Business						
421	Accounting	6,325	29,446	3,291	39,062	10.1
422	Advertising	16	250	103	369	29.2
423	Bookkeeping	5,769	6,631	2,857	15,257	30.1
424	Computer technology	6,628	19,930	4,972	31,530	20.0
425	Clerical	882	1,281	557	2,720	30.3
426	Secretarial	331	925	378	1,634	29.0
427	Real estate & insurance	2,543	15,404	37,784	55,731	71.0
428	Salesmanship	636	4,070	6,547	11,253	61.7
429	Other business & commerce	3,104	15,599	6,352	21,951	28.9
Vocational & Other						
320	Applied arts, industrial design, tool & die design, mechanical arts, landscaping	570	2,374	372	3,316	13.5
321	Commercial art	477	8,655	937	10,069	9.8
322	Decorating & window display	851	1,969	479	9,206	19.6
323	Drafting	6,281	17,660	2,068	26,009	10.5
324	Photography	1,282	6,423	1,441	9,146	18.3
325	Design	45	358	34	602	8.7
329	Land surveying	303	1,366	276	1,945	16.8
334	Radio & TV broadcasting	1,396	6,873	3,614	11,883	34.5
335	Performing arts	42	3,600	881	4,523	19.7

Appendix Table 14 (2)

Vocational & Other (cont.)		In Training	Inter-rupted	Completed	Total	Completion Percentage
433	Hotel & motel training	2,753	10,393	11,266	24,412	52.0%
436	Protective services	7,679	11,948	10,194	29,821	46.0
437	Airline services	849	3,945	4,137	8,931	51.2
452	Secondary courses	2,537	13,085	3,292	18,374	24.0
510	Air conditioning & refrigeration	29,298	30,328	25,046	84,672	45.2
523	Carpentry	124	817	131	1,072	13.8
525	Plumbing	76	847	107	1,030	11.2
526	Construction & related courses	7,393	6,246	3,162	16,801	33.6
540	Electrical trades	11,408	14,330	14,066	39,804	49.5
551	Electronic assembly & installation	174	283	127	584	31.0
552	Electronic operation, radio, TV & telegraph	1,025	7,556	1,000	9,581	11.7
553	Electronic & other communications, mechanics & repairmen	148,270	51,102	35,813	235,185	41.2
554	Other electronic trades	9,081	6,993	1,060	17,134	13.2
564	Meat processing & packing	100	270	637	1,007	70.2
571	Automobile or motor vehicle mechanics & repairmen	52,344	31,369	49,829	133,542	61.4
572	Diesel & heavy equipment mechanics & repairmen	997	1,580	1,669	4,246	51.4
576	Aircraft mechanics	600	5,041	3,377	9,017	40.1
577	Mechanical courses	6,582	7,013	8,256	21,851	54.1
583	Jewelry & watchmaking	583	723	69	1,253	8.7
584	Machinists	128	1,351	234	1,713	14.8
586	Foundry & metalwork	273	790	681	1,744	46.3
622	Chemical & related products	35	665	140	840	17.4
627	Textile manufacturing	14	178	95	287	35.0
629	Heavy equipment operation	8,545	15,301	30,281	54,127	66.4
911	Agriculture & related courses	64	151	141	356	48.3
912	Marine engineering & navigation	193	57	82	332	59.0
914	Stationary engineer (equipment operator)	123	595	147	865	19.8

Appendix Table 15

COST OF EFFECTIVENESS PERCENTAGE BY SCHOOL FOR CORRESPONDENCE TRAINEES IN A TERMINATED STATUS

As of December 31, 1974

School Code	School	VA Expenditures on Interrupted	VA Expenditures on Completed	Percentage of Expenditures to Those Terminated Which Went to Completed	Completion Rate
28555214	United Systems	$ 22,909	$ 3,899,715	99.4%	80.4%
28016406	Elba Systems Corp.	1,854,861	41,594,464	95.7	88.2
28010530	American Training Services, Inc.	264,511	3,194,919	92.4	66.9
28900805	National Technical Schools	1,791,038	13,902,941	88.6	67.3
28044813	Advance Schools, Inc.	9,439,809	66,327,684	87.5	61.3
28051511	Ryder Technical Institute	974,773	6,234,809	86.5	65.4
28130710	Universal Training Service, Inc.	4,197,499	19,195,576	82.1	63.6
28303130	Locksmith Institute	276,662	993,253	78.2	55.5
28046313	Commercial Trades Institute	5,880,804	18,318,513	75.7	39.3
28751405	Columbia School of Broadcasting	1,443,823	3,291,541	69.5	46.5
25900513	Bell & Howell Schools	12,697,382	27,067,308	68.1	33.6
28750805	North American Correspondence Schools, Inc.	2,010,603	2,953,757	59.5	39.0
26013813	LaSalle Extension University	6,448,912	6,242,873	49.2	20.9
28003138	International Correspondence Schools	4,129,155	3,984,301	49.1	16.5
28515325	American Automation Training Centers	841,799	619,161	42.4	10.7
28400032	RCA Institutes, Inc.	928,050	652,438	41.3	23.3
26012813	International Accountants Society	2,383,008	1,436,454	37.6	13.0
28807007	Famous Artists School	983,786	436,585	30.7	11.6
25000709	Capitol Radio Engineering Institute	2,789,730	562,634	16.8	5.4
	TOTAL	$ 76,808,866	$ 258,307,186	77.1	41.2

Appendix Table 16

TRAINEES IN MAJOR COURSES OF CORRESPONDENCE SCHOOLS TAKEN BY VETERANS AND SERVICE PERSONNEL UNDER CHAPTER 34 [1]

As of December 31, 1974

School Name & Number and Course Code	In Training	Inter-rupted	Completed	Total	Completion Percentage	Completion Cost Effectiveness Percentage
Bell & Howell 25900513						
311	3,225	9,948	3,037	16,210	23.4%	51.9%
312	68	1,958	713	2,739	26.7	52.5
424	139	660	153	952	18.8	48.1
533	137	35	26	198	42.6	72.0
553	125,759	30,418	19,145	175,322	38.6	71.4
554	6,100	3,231	344	9,675	9.6	39.7
571	159	51	39	249	43.3	78.8
586	102	17	13	132	43.3	78.0
Advance Schools, Inc. 28044813						
323	880	26	2	908	7.1	27.5
421	235	203	92	530	31.2	66.7
423	5,677	5,942	2,730	14,349	31.5	67.4
425	680	219	66	965	23.2	68.4
510	14,150	14,449	14,248	42,847	49.6	82.0
540	8,595	6,683	11,787	27,065	63.8	88.7
553	7,391	1,290	995	9,676	43.5	84.3
571	30,221	12,959	35,885	79,065	73.5	91.2
577	1,442	520	1,464	3,426	73.8	91.7
Commercial Trades Institute 28046313						
311	1,505	1,654	679	3,838	29.1	74.4
323	2,867	2,896	716	6,479	19.8	57.0
424	1,722	2,464	386	4,572	13.5	30.9
510	11,172	11,691	8,143	31,006	41.1	78.3
526	6,906	4,000	2,930	13,836	42.3	79.7
553	7,775	6,748	3,894	18,417	36.6	76.2
571	18,185	12,935	10,640	41,760	45.1	77.8

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[1] Includes each course with 100 or more chapter 34 trainees in training or 1,000 or more chapter 34 trainees in total.

Appendix Table 16 (2)

School Name & Number and Course Code	In Training	Inter-rupted	Completed	Total	Completion Percentage	Completion Cost Effectiveness Percentage
International Correspondence Schools 28003138						
311	733	1,551	208	2,492	11.8%	38.6%
312	1,940	7,057	933	9,930	11.7	32.0
321	84	925	96	1,105	9.4	40.0
323	811	3,160	227	4,198	6.7	24.5
329	141	1,100	128	1,369	10.4	28.8
421	866	2,724	190	3,780	6.5	28.2
424	179	1,155	175	1,509	13.2	38.0
428	109	1,235	350	1,694	22.1	50.9
429	608	2,624	751	3,983	22.3	57.1
433	374	230	27	631	10.5	60.3
438	599	604	223	1,426	27.0	56.7
452	468	3,407	276	4,151	7.5	31.2
510	1,763	1,952	577	4,292	22.8	64.8
525	65	837	102	1,004	10.9	30.7
526	142	796	120	1,058	13.1	37.7
540	2,393	4,312	1,125	7,830	20.7	52.8
552	327	538	74	939	12.1	39.8
553	2,008	2,754	645	5,407	19.0	59.3
571	2,489	3,398	1,541	7,428	31.2	67.8
576	54	885	152	1,091	14.7	44.2
577	56	1,114	252	1,422	18.4	48.0
584	85	1.073	212	1,370	16.5	44.4
914	117	566	127	810	18.3	50.6
LaSalle Extension University 26013813						
315	1,084	4,909	351	6,344	6.7	21.7
320	463	977	84	1,524	7.9	32.7
322	570	1,787	359	2,716	16.7	43.1
323	994	5,520	592	7,106	9.7	22.3
421	1,929	9,491	151	11,571	1.6	12.0
424	465	4,853	2,769	8,087	36.3	64.6
427	509	2,059	855	3,423	29.3	52.2
429	1,886	5,748	2,337	9,971	28.9	59.5
433	1,227	3,918	1,292	6,437	24.8	52.2
436	276	1,551	172	1,999	10.0	28.3
452	1,116	5,604	2,177	8,897	28.0	52.1

Appendix Table 16 (3)

School Name & Number and Course Code	In Training	Inter-rupted	Completed	Total	Completion Percentage	Completion Cost Effectiveness Percentage
LaSalle Extension University (cont.)						
510	887	503	400	1,790	44.3%	63.1%
571	500	91	201	792	68.8	82.7
572	366	748	1,027	2,141	57.9	72.1
Universal Training Service 28130710						
427	495	4,889	9,926	15,310	67.0	83.9
433	263	972	3,474	4,709	78.1	89.7
437	596	2,155	2,921	5,672	57.5	77.6
629	1,990	6,389	8,841	17,220	58.0	80.0
National Technical Schools 28900805						
311	3,101	2,800	7,918	13,819	73.9	89.8
510	437	953	921	2,311	49.1	75.2
540	177	610	512	1,299	45.6	67.5
553	1,992	3,087	8,061	13,140	72.3	89.9
571	403	1,171	971	2,545	45.3	69.8
Elba Systems Corporation 28016406						
427	408	3,001	22,771	26,180	88.4	95.7
428	10	177	1,150	1,337	86.7	95.6
Capital Radio Engineering Institute 25000709						
311	4,914	12,522	536	17,972	4.1	13.0
312	184	2,582	111	2,877	4.1	13.6
424	394	2,175	331	2,900	13.2	28.8
553	150	294	20	464	6.4	19.7
International Accountants Society 26012813						
421	2,893	15,679	2,330	20,902	12.9	37.3

School Name & Number and Course Code	In Training	Inter-rupted	Completed	Total	Completion Percentage	Completion Cost Effectiveness Percentage
Cleveland Institute of Electronics 28003135						
312	51	3,192	326	3,569	9.3%	21.3%
334	456	365	20	841	5.2	16.0
540	24	1,132	77	1,233	6.4	18.3
552	458	6,517	675	7,650	9.4	21.4
553	1,058	580	73	1,711	11.2	41.7
554	2,726	2,105	213	5,044	9.2	25.7
Ryder Technical Institute 28051511						
629	2,557	4,430	8,692	15,679	66.2	86.9
North American Correspondence Schools, Inc. 28750805						
323	541	2,517	376	3,434	13.0	31.4
329	150	251	141	542	36.0	64.3
421	198	125	30	353	19.4	42.1
426	112	152	212	476	58.2	78.8
436	2,917	6,297	4,939	14,153	44.0	61.2
Locksmith Institute 28303130						
577	2,802	2,969	3,689	9,460	55.4	78.1
American Automation Training Centers 28515325						
424	3,378	5,083	614	9,075	10.8	42.5
Columbia School of Broadcasting 28751405						
334	776	3,676	3,288	7,740	47.2	69.9
RCA Institutes, Inc. 28400032						
311	185	1,543	498	2,226	24.4	41.3
553	1,135	2,736	820	4,691	23.1	41.4

Appendix Table 16 (4)

School Name & Number and Course Code	In Training	Inter-rupted	Completed	Total	Completion Percentage	Completion Cost Effectiveness Percentage
American Training Services, Inc. 25010530						
433	108	263	225	596	46.1%	90.7%
629	1,341	1,655	3,668	6,664	68.9	92.5
United Systems 28555214						
629	978	1,140	4,676	6,794	80.4	99.5
Famous Artists School 28807007						
321	129	4,548	529	5,206	10.4	28.5
Lincoln Extension Institute 26503435						
429	34	859	145	1,038	14.4	34.6
632	1,110	2,794	529	4,433	15.9	40.6
Chicago Technical College 25000113						
323	74	2,588	57	2,719	2.2	10.9
526	139	1,120	54	1,313	4.6	12.2
National School of Conservation 25003009						
436	116	1,018	1,383	2,517	57.6	81.1
Career Academy School of Famous Broadcasters 25007249						
334	59	2,284	168	2,511	6.9	24.5
335	0	1,088	205	1,293	15.9	40.6
Chicago Technical College (Home Study) 25031813						
526	112	32	5	149	13.5	35.8

School Name & Number and Course Code	In Training	Inter-rupted	Completed	Total	Completion Percentage	Completion Cost Effectiveness Percentage
Stock Market Institute, Inc. 26016013						
429	116	282	477	875	62.8%	71.9%
Lewis Hotel-Motel Schools 28001209						
433	114	1,134	1,438	2,686	55.9	77.7
National Raiio Institute 28001509						
311	711	1,386	272	2,369	16.4	41.5
Interstate Training Service 28004137						
572	240	199	273	712	57.8	81.3
National Camera Tech. Training Division 28010606						
577	395	514	192	1,101	27.2	55.6
United Schools, Inc. 28011342						
427	595	1,109	706	2,410	38.9	68.3
438	826	38	160	1,024	80.8	94.2
Art Instruction School 28017023						
321	147	2,164	174	2,485	7.4	19.0
Naebm-Westlawn School of Yacht Design 28037207						
632	161	154	1	316	0.6	5.5
American School 28048513						
452	549	1,819	479	2,847	20.8	52.4

Appendix Table 16 (7)

School Name & Number and Course Code	In Training	Inter-rupted	Completed	Total	Completion Percentage	Completion Cost Effectiveness Percentage
Lafayette Academy 28057539						
425	131	26	41	198	61.2%	81.1%
452	109	226	114	449	33.5	55.3
Massey Technical Institute 28102510						
311	11	991	210	1,212	17.5	44.2
553	298	676	96	1,070	12.4	37.1
Belsaw Institute 28509425						
577	878	621	1,132	2,631	64.6	84.0
Technical Education Corp. 28518725						
424	8	963	50	1,021	4.9	12.8
National Meat Packers Training, Inc. 28524825						
564	99	266	635	1,000	70.5	89.6
Gemological Institute of America 28750205						
583	532	572	51	1,155	8.2	21.0
Grantham School of Engineering 28751105						
311	205	601	8	814	1.3	2.7
Coast Navigation School 28755605						
912	190	45	75	310	62.5	79.4
National Technical Schools 28900705						
553	77	304	943	1,324	75.6	89.5

School Name & Number and Course Code	In Training	Inter-rupted	Completed	Total	Completion Percentage	Completion Cost Effectiveness Percentage
Electronic Computer Programming Training Center, Inc. 26017530						
424	1	1,222	92	1,315	7.0%	16.2%
R.E.T.S. Electronic School 28006020						
553	101	104	45	250	30.2	65.5
Northwest Schools, Inc. 28009037						
433	213	456	336	1,005	42.4	52.5
American Training Services, Inc. 28010530						
433	108	263	225	596	46.1	90.7
Modern Gun Repair School, Inc. 28010803						
577	715	411	652	1,778	61.3	87.1
National Training Institutes, Inc. 28011442						
427	286	630	415	1,331	39.7	59.3
571	113	21	30	164	58.8	87.2
American Jet School, Inc. 28020614						
576	162	2,442	1,606	4,210	39.7	73.8
University Schools, Inc. 28026543						
427	81	3,011	2,114	5,206	41.2	64.0
School of Modern Photography 28030730						
324	772	1,182	580	2,534	32.9	60.8

Appendix Table 16 (8)

School Name & Number and Course Code	In Training	Inter-rupted	Completed	Total	Completion Percentage	Completion Cost Effectiveness Percentage
American School of Heavy Equipment 28034214 629	271	281	321	873	53.3%	81.1%
American Motel School, Inc. 28042046 433	247	1,062	2,138	3,447	66.8	81.4
Institute of Applied Science 28046113 436	113	159	183	455	53.5	84.1
American Truck Driving Schools 28057313 629	501	117	647	1,265	84.7	97.1
Florida Professional Academy 28058910 433	64	677	502	1,243	42.6	56.8
Cross Academy, Inc. 28059121 629	102	44	102	248	69.9	89.5
Mayday Company 28245047 436	556	694	1,581	2,831	69.5	90.2
Sales Training, Inc. 28384347 428	40	895	2,222	3,157	71.3	88.8
National School of Home Study 28400732 452	3	1,801	131	1,935	6.8	23.7

Appendix Table 16 (9)

Appendix Table 16 (10)

School Name & Number and Course Code	In Training	Interrupted	Completed	Total	Completion Percentage	Completion Cost Effectiveness Percentage
Motel Managers Training School 28750405						
433	0	721	438	1,159	37.8%	61.4%
Harvey Emerson Enterprises, Inc. 28751305						
631	1,078	1,600	1,234	3,912	43.5	66.2
Jetma Technical Institute 28751505						
576	332	1,668	1,562	3,562	48.4	77.8
Peace Officer Training Service 28753605						
436	2,251	1,368	493	4,112	26.5	61.2
National Training Centers, Inc. 28754005						
436	440	41	71	552	63.4	87.9
Security Training Institute 28754705						
436	378	248	721	1,347	74.4	92.3
Famous Photographers School 28807107						
335	14	1,831	412	2,257	18.4	42.4
915	75	1,265	247	1,587	16.3	38.3
Famous Photographers School 28807207						
324	268	4,681	512	5,461	9.9	30.8
Alabama School of Fingerprinting & Det. Training 28860401						
436	398	18	216	632	92.3	96.5
GRAND TOTAL	343,125			1,009,604		

Appendix Table 17

TWELVE CORRESPONDENCE SCHOOLS WITH THE LARGEST NUMBERS EVER TRAINED

Training Load and Expenditures for the In Training and the Ever Trained

December 31, 1974

School Code	Name	In Training	Total Expenditures Paid to Those In Training December 31, 1974	Total Ever Trained	Cumulative Expenditures
	ALL SCHOOLS (excluding those with invalid facility codes)	356,408	$ 130,043,700	1,099,275	$ 462,033,670
25900513	Bell & Howell Schools, Chicago, Illinois	137,177	68,992,325	208,417	108,757,016
28044813	Advanced Schools, Inc., Chicago, Illinois	70,417	24,951,297	181,344	100,718,791
28046313	Commercial Trades Institute, Chicago, Illinois	51,171	10,098,481	122,555	34,297,799
28003138	International Corres. Schools, Scranton, Pennsylvania	17,617	4,880,588	77,844	12,994,045
26013813	LaSalle Extension University, Chicago, Illinois	13,361	3,158,979	77,775	15,850,765
28130710	Universal Training Service, Inc., Miami, Florida	3,678	839,141	44,325	24,232,216
28900805	National Technical Schools, Los Angeles, California	6,315	2,026,724	34,709	17,720,704
28016406	Elba Systems Corp., Denver, Colorado	459	283,058	28,854	43,732,384
25000709	Capitol Radio Engineering Institute, Wash., D.C.	5,766	1,369,178	25,538	4,721,543
26012813	International Accountants Society, Chicago, Illinois	3,055	1,002,770	22,347	4,822,232
28003135	Cleveland Institute of Electronics, Cleveland, Ohio	4,995	1,490,789	21,108	3,808,468
28750805	North American Correspondence School, Inc., Newport Beach, California	4,185	1,353,103	20,268	6,317,464
	All Other Schools	38,212	9,597,267	234,191	84,060,243

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December 3, 1976

VETERANS' AFFAIRS COMM.
RECEIVED
DEC 07 1976
WASHINGTON, D.C. 20510

Honorable Vance Hartke
Chairman
Senate Committee on Veterans' Affairs
United States Capitol
Washington, D.C.

Re: Veterans' Administration Study Entitled "Training By Correspondence Under the GI Bill"

Dear Senator Hartke:

We represent LaSalle Extension University.

We have carefully studied the Veterans' Administration study entitled "Training By Correspondence Under the GI Bill" (94 Cong., 2d Sess., Sen. Comm. Print No. 49). We believe the study contains fundamental errors and omissions which entirely invalidate its conclusions.

We appreciate the close interest which your committee has taken in the subject of correspondence education. We have therefore set forth our explanation of the errors in the VA study without omitting any steps in the reasoning or any necessary mathematics. We trust that this analysis will assist the committee in any future deliberations on the subject of correspondence education.

The VA study errs in two major respects:

1. The simplest and most obvious measure of cost effectiveness of training which can be drawn from the information in the study is the average cost of educating a student who used his or her training. Such a calculation shows that correspondence training is more economical than any other type

of training analyzed in the study, by a margin of at least two to one. The data in the study indicate, in other words, that if cost effectiveness were the only criterion of funding, the government should concentrate its efforts on correspondence training.

2. The authors of the study purport to measure the cost effectiveness of different methods of education by what they call "completion cost effectiveness." This measurement, however, has no relation to the cost of training. Courses with the same pattern of completion will show the same "completion cost effectiveness," regardless of whether their tuition is $100 or $10,000. Such a statistic does not measure cost effectiveness in any way.

These are serious errors, and we now proceed to describe them in detail.

The Costs of Delivering Useful Training

The primary measure of benefit to students in the study is the percentage of usage of training, overall figures for which are stated in Table 9 of the study. The costs to the VA of various types of study are stated in Table 5. If one simply divides the figures in Table 5 by those in Table 9, one obtains the average dollar cost (to the VA) of educating a student who uses his training. That operation produces the following table:

Average Costs, Fiscal Year 1974, By Type of Training

Type of Training	Average Cost per Trainee (Table 5)	Usage % of Those Who Train (Table 9)	Average Cost per Trainee Using Training (5÷9)
TOTAL Chapter 34	$1,274	63.9%	$1,994
College	1,630	68.0%	2,397
Other resident schools	1,158	57.3%	2,021
On-job training	1,185	88.5%	1,339
Flight	1,187	67.7%	1,753
Correspondence	319	42.4%*	752

---

* Table 9 of the study also contains an alternative
(footnote continued on p.3)

In other words, the cost of giving a student useful training by correspondence is less than 1/3 that of giving him useful training in college, and less than 1/2 the average cost of giving useful training by all methods combined.

If the logic of the table above is not clear, we have appended a longer but perhaps clearer calculation which yields the same results, except for slight differences due to rounding.

The above comparison understates the cost-benefit advantages of correspondence training in at least two respects, as follows:

1. At the tax-supported and tax-exempt institutions that provide most college training and over one-third of other resident training, tuition pays only a fraction of the cost. The contributions of taxes, endowment earnings and charitable contributions are not included in the VA study. If they were, the average costs shown in this study for colleges and other resident schools would increase greatly. In contrast, all costs of correspondence training (including amounts needed to cover federal and state income taxes) are met by tuition, and are shown in the study.

2. In-service personnel made up approximately 20% of the total trained by correspondence, whereas they made up only approximately 5% of those trained by other methods. Obviously in-service personnel were less likely to have had an opportunity to put their training to use than were students who were already in civilian life when they took their training.

One would expect an impartial "evaluation of the costs and benefits of correspondence training" to have begun with the obvious calculation of cost-benefit figures which we have just described. We do not know why the authors of the

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*Footnote continued from page 2

"usage percentage" rate for correspondence training of 37.6%. This figure is based on an assumed completion rate of 25.6%, which the study itself notes is inaccurate because "based on a limited period of time" (Study, p.9, n.1). We have used the more accurate figure in the table above. If the usage percentage figure of 37.6% had been used, the cost for correspondence study per student using the training would be $848; the conclusions expressed herein would be unaffected.

VA study saw fit to omit all discussion of such calculations from Section V(C) of the study. Had such calculations been included, it would have been apparent that in terms of costs to obtain benefits, correspondence training is not "by far the weakest major part of the GI bill education program," but the strongest.

"Completion Cost Effectiveness" Has No Relation to Cost

The only numerical criterion of cost effectiveness used in the study is "completion cost effectiveness" (Study, Paragraphs III (B), VIII (B), and X). As we have said, this statistic is entirely independent of the cost of tuition. It is solely determined by the pattern of student completions in a course. Consequently, "completion cost effectiveness" is the same for a program with a given pattern of student completions, regardless of whether the program costs $100, $1,000 or $10,000 per student, and regardless of what the program costs the government.

If this seems startling, the explanation is as follows. "Completion cost effectiveness" is defined in the study (Paragraph III (B)) as "expenditures made to those veterans who completed divided by expenditures made to those whose course was either completed or interrupted." Both before and after the 1972 amendment to the GI bill, reimbursement for correspondence courses has been proportional to the fraction of total lessons in the course completed by the student.* The expenditure made to a veteran taking a correspondence course is simply the tuition multiplied by the percentage of lessons which the veteran completed.

For a given course, the denominator of the VA's fraction, the total "expenditure made to those whose course was either completed or interrupted," is therefore the total number of veterans who completed or interrupted the course, multiplied by the course tuition, and again multiplied by the average percentage of the total lessons in the course completed by this group.

---

* The 1972 change from 100% to 90% reimbursement does not effect the results herein; we use the 100% rule for simplicity and because it prevailed during the period covered by the study.

The numerator of the VA's fraction is simply the number of veterans who completed, multiplied by the course tuition.

If one sets up the fraction, the course tuition appears in both the numerator and denominator and therefore cancels out, and one is left simply with the following fraction:

$$\frac{\text{(number of veterans who completed)}}{\text{(number of veterans who completed or interrupted)} \times \text{(average percentage of lessons completed)}}$$

Those who detest algebra and all its works may prefer an example. Assume a course has enrolled 1,000 students. Assume 500 complete the course. Assume another 250 complete only half of the course, and assume the remainder never submit the first lesson. Assume finally that the tuition is $100. The "completion cost effectiveness" is:

$$\frac{500 \times \$100}{(500 \times \$100) + (250 \times \$50)} = \frac{\$50{,}000}{\$50{,}000 + \$12{,}500} = \frac{\$50{,}000}{\$62{,}500} = .80 \text{ or } 80\%$$

Now assume that tuition is increased to $1,000. The "completion cost effectiveness" is:

$$\frac{500 \times \$1{,}000}{(500 \times \$1{,}000) + (250 \times \$500)} = \frac{\$500{,}000}{\$500{,}000 + \$125{,}000} = \frac{\$500{,}000}{\$625{,}000} =$$

= 80%, still.

The "completion cost effectiveness" will remain 80% even if the tuition is increased to $10,000. It has, in other words, no relation to the government's expenditures, and nothing to do with cost effectiveness.

Further Comments on "Completion Cost Effectiveness"

Not only is "completion cost effectiveness" totally unrelated to cost, it also has very little relation to effectiveness. In the first place, it is simply a function of completion rates.* The study itself notes (Fn. p.15) one reason why completion rates do not measure usefulness: the easier and less valuable a course, the higher its completion rate is likely to be. Completion rates of different courses are also governed by other factors in addition to difficulty, such as the types of students who enroll (e.g. study p.10, n.1). For these reasons, completion rates and functions thereof do not measure effectiveness; they measure nothing but completions.

Even if completion rates did measure effectiveness, "completion cost effectiveness" would be a singularly inaccurate reflection even of completion rates. The farther the non-graduates of a course progress before they "drop out," the lower becomes the "completion cost effectiveness" of the course (assuming the number of graduates remains steady). To take a very simple example, if 50% of the students in a course graduate, and the other 50% complete 90% of the course, the "completion cost effectiveness" is 52.6%, but if 50% graduate and the remaining students do only 10% of the course before dropping out, the "completion cost effectiveness" rises to 90.9%.**

---

* "Completion rate" is used here in its usual meaning in the home study field: the average number of lessons completed by students of a given course, divided by the total number of lessons in a course.

** The arithmetic is as follows:

Assume, the course tuition is $1,000; then in the first example, the "completion cost effectiveness" is:

$$\frac{50 \times \$1,000}{(50 \times \$1,000) + (50 \times \$900)} = \frac{\$50,000}{\$95,000} = 52.6\%$$

In the second example, assume the same tuition; then the "completion cost effectiveness" is:

$$\frac{50 \times \$1,000}{(50 \times \$1,000) + (50 \times \$100)} = \frac{\$50,000}{\$55,000} = 90.9\%$$

Honorable Vance Hartke
Page 7.

Conclusion

From the contents of the study itself, it is therefore apparent that:

1. Correspondence training is the most efficient method of training, as measured by the cost of giving a student training which he or she puts to use, and

2. "Completion cost effectiveness" measures (with apologies to Voltaire) neither completions nor costs nor effectiveness.

We trust that the above analysis will be helpful to the committee in any future appraisal of the usefulness of correspondence training or of the VA study itself.

Respectfully submitted,

Frederick F. Greenman, Jr.

FFG,Jr.:lr

cc: Members of Senate Committee
on Veterans' Affairs
Honorable Ray Roberts
Honorable Olin E. Teague
Honorable John P. Hammerschmidt
Oliver E. Meadows, Esq.
Guy H. McMichael, III, Esq.
Honorable Richard L. Roudebush
Honorable Rufus H. Wilson

Appendix

Alternate Calculation of Average Cost per Student Who Uses Training

The average cost per student who uses his or her training is the total cost of training students by a given method, divided by the number of students so trained.

To obtain the total costs of training students by each method, we need only multiply numbers of trainees for each method by the average costs. Both figures are set forth in Table 5 of the Report. The result is as follows:

TABLE A Number of Trainees, Average Cost and Total Cost

Type of Training	Number of Trainees	X	Average Cost	=	Total Cost
TOTAL Chapter 34	2,358,608		$1,274		$3,004,866,592
College	1,333,262		1,630		2,173,217,060
Other Res. Schools	338,125		1,158		391,548,750
On-Job Training	211,907		1,185		251,109,795
Flight	44,710		1,187		53,070,770
Correspondence	430,604		319		137,362,676

To obtain the number of students using their training, we multiply the number of students for each method (from Table 5) by the "usage percentage of those who train" (from Table 9). The result is as follows:

TABLE B Percentages and numbers of those who use training

Type of Training	Number of Trainees	Usage Percentage Of Those Who Train	Number Who Use Training
TOTAL	2,358,608	63.9	1,507,151
College	1,333,262	68.0	906,618
Other Res. Schools	338,125	57.3	193,746
On-Job Training	211,907	88.5	187,538
Flight	44,710	67.7	30,269
Correspondence	430,604	42.4	182,576

Page 2.

Appendix

Finally, to obtain the average cost to the government of training a student who uses his or her training, we divide the last column of Table A (total costs) by the last column of Table B (numbers of students using training), as follows:

TABLE C Government Cost per Student Who Used Training

Type of Training	Total Cost (Table A)	÷	Number Who Use Training (Table B)	=	Cost Per Student Who Uses Training
TOTAL	$3,004,866,592		1,507,151		$1,994
College	2,173,217,060		906,618		2,396
Other Res. Schools	391,548,750		193,746		2,018
On-Job Training	251,109,795		187,538		1,336
Flight	53,070,770		30,269		1,753
Correspondence	137,362,676		182,576		751

VETERANS ADMINISTRATION
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS
WASHINGTON, D.C. 20420

JANUARY 4 - 1977

The Honorable
Vance Hartke
Chairman, Committee on
Veterans' Affairs
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

We have reviewed the letter from the firm - Linden and Deutsch - representing LaSalle Extension University. This letter, signed by Mr. Frederick F. Greenman, Jr., is critical of our report entitled: "Training by Correspondence Under the GI Bill" (94th Congress, 2nd Session, Senate Committee Print No. 49). After careful consideration of all his criticisms and suggestions, I support the findings of our study and do not agree that the arguments presented by the representatives of LaSalle Extension University invalidate the conclusions of our study.

Mr. Greenman presents two primary criticisms of our study:

> First, he disagrees with our presentation of benefits and costs of the various types of GI bill training and presents an alternative of his own developed from the data of section V. Mr. Greenman contends that "the simplest and most obvious measure of cost effectiveness of training which can be drawn from information in the study is the average cost of educating a student who uses his or her training." We do not accept this as a valid criterion. This measure ignores the differences in the value of different types of training. As shown in Table 7 of the correspondence study, those who complete other types of training can expect a much larger return than those who complete correspondence training. This reflects differences in both intensity and scope of correspondence training as compared to other types of training. In our study we purposely avoided combining benefits and costs in a single statistic as Mr. Greenman has done. The reason for this is that current available data do not provide an adequate basis for doing so. The development of a comprehensive measure of the net benefit over cost for each type of training would require an examination of: (1) the total cost of each type of training; (2) a determination of the income effects on lifetime earnings of each type of training and (3) a discounting of

> future gains in earnings to the time when the costs are incurred. The correspondence study simply shows separate costs and benefits juxtaposed for the purpose of approximating the overall benefit-cost aspects of correspondence training as compared with other types of training.
>
> Second, Mr. Greenman is highly critical of the use in our study of the concept of "completion cost effectiveness percentage." He points out that courses with the same pattern of completion will show the same "completion cost effectiveness" (percentage) regardless of whether their cost is $100 or $10,000. This is true because this concept is expressed in terms of percentage rather than dollars. The "completion cost effectiveness percentage" was never intended to take account of differences in cost for individual courses. Rather it measures the extent to which funds expended for training go to persons who complete training. Persons who complete training are much more likely to obtain employment which uses their training than those who discontinue training. Therefore, a higher completion cost effectiveness percentage for a course of training usually is indicative of overall greater success for the funds invested in the course. Our use of the concept of completion cost effectiveness percentage in this study is not inconsistent with the generally accepted broad definition of cost effectiveness analysis. According to Edward S. Quade, cost effectiveness analysis "is any analytic study designed to assist a decision-maker in identifying a preferred choice among possible alternatives." (Washington Operations Research Council, Cost Effectiveness Analysis - New Approaches in Decision Making, edited by Thomas A. Goldman, Frederick A. Praeger, New York 1967, pp. 1-16).

Another basis on which Mr. Greenman takes issue with our data is that "service personnel make up approximately 20 percent of the total trained by correspondence whereas they make up only approximately 5 percent of those trained by other methods." He maintains that this constitutes a bias since service personnel were less likely to have had an opportunity to put their training to use than were students who were already in civilian life when they took their training. This argument is totally invalid for the reason that the study which produced the data on use of skills acquired in training (Section V B, Table 6) excluded service personnel trainees.

Mr. Greenman raises still another issue which we regard as irrelevent to the validity of our analysis. He maintains that any analysis of cost for correspondence training relative to other types of training, should take account of "contributions of taxes, endowment earnings and charitable contributions" received by some training institutions. He maintains that, "in contrast, all costs of correspondence training (including amounts needed to cover federal and state income taxes) are met by tuition." Granting this to be true, there are other cost factors which might be considered, such as the additional charges correspondence schools make to trainees who discontinue training prior to completion of the course. An in-depth analysis of the funding of different types of training was not included in our correspondence study, nor is it considered to be germane.

Mr. Greenman's reference to a statement on page 10 of our correspondence study is taken out of context. This statement, "Correspondence training is by far the weakest major part of the GI bill education program" refers, in the next sentence of our report, to attainment of program goals as cited in the law which authorizes all GI bill training (section 1651, chapter 34, title 38, U. S. Code).

Comments in the first paragraph on page 6 of Mr. Greenman's letter indicate a departure from the concepts used in our analysis of data in the correspondence study rather than a real difference. The definition of completion rate in "the home study field," says Mr. Greenman is - "... the average number of lessons completed by the students of a given course, divided by the total number of lessons in a course." This definition does not differentiate between those who complete the course and those who discontinue prior to completion, as our correspondence study does. Therefore, it cannot measure separately those values which are gained by those who complete as opposed to partial values which may accrue to those who achieve partial completion. Mr. Greenman's summary statement that "... completion rates and functions thereof do not measure effectiveness; they measure nothing but completions", is not valid.

In the second paragraph on page 6 of his letter, Mr. Greenman is critical of the concept of "completion cost effectiveness" (percentage) because, as he says, the farther the nongraduates of a course progress before they drop out, the lower becomes the completion cost effectiveness percentage of the course (assuming the number of graduates remains steady). The arithmetic he cites in his example is correct, but his example and his interpretation of the data are unlikely. Our correspondence study recognizes substantial differences in values which accrue to those who complete a course of correspondence training as compared to those who discontinue prior to completion. Those who drop out of training are less than half as likely to use skills from their training as are those who complete their course (Table 6, page 8 of our correspondence study). This marked difference in values accrued to those who complete provides the basis for the use of the completion cost effectiveness percentage, a tool which measures the percentage of total expenditures for a correspondence course which go to those who complete training where the pay-off ratio is dramatically higher. Mr. Greenman's example of a situation where all of the "dropouts" complete 90 percent of the lessons in the course is not realistic.

I have responded to the issues presented in the letter from the firm, Linden and Deutsch, representing LaSalle Extension University. I continue my support of the term "completion cost effectiveness percentage" as used in our report, and the purpose for which the term was devised.

Sincerely,

RICHARD L. ROUDEBUSH
Administrator

OCCUPATIONAL GRADUATE EMPLOYMENT REPORT

AN ANALYSIS OF THE FIFTY PERCENT EMPLOYMENT CRITERION FOR VA APPROVED VOCATIONAL COURSES
1975 SURVEY

PREPARED BY
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I. DATA COLLECTION PROCEDURES

A. Introduction

One of the primary objectives of the current VA Educational Assistance Program (Chapters 34 and 35, Title 38, U.S. Code) is to enable veterans, and other VA beneficiaries (wives, widows, and children of veterans), to obtain education or training leading to a particular occupational status. This occupational status is one which will provide an income at a level they might have realized had death, disability or military service not intervened. Public Law 93-508, enacted by 93rd Congress, contains two sections[1] which require a minimum employment standard for schools offering vocational courses to trainees enrolled under these two chapters.

The minimum post-training employment rate criterion, specified by Public Law 93-508, is 50 percent. This percentage is to be based upon graduates (veterans and nonveterans, excluding servicemen) who are "...not unavailable for employment..."[2] For purposes of this report, a graduate is defined as a student who completed all the academic requirements for a given course, whether or not he (she) received a diploma, certificate or degree. Graduates are considered to have met the employment requirement if their job is in the field for which they trained or in a closely related type of work (which is of comparable level). This determination is based on the graduate's response to question 2a or question 3a of VA Form 22-8722 (see page 11, appendix A). Graduates may be excluded from the employment requirement computation, if they classify themselves into one of seven exclusion categories (see section D in chapter IV for more detail).

B. Report Cycle

Current VA Policy assumes that the intent of section 203 of Public Law 93-508 is that schools must submit for each approved vocational course, an acceptable VA Form 22-8723 (Occupational Graduate Employment Report, see appendix A) on a biennial basis rather than annually. An approved vocational course is defined as a vocational course approved for training of veterans and servicemen enrolled under chapters 34, and dependents (of veterans) enrolled in chapter 35 (Title 38, U.S. Code). This form is used as a basis for determining whether a given course has (or has not) met the employment criterion. It is based on the information gathered from former trainees who graduated from that course during a stated two-year period. Generally this period is from March, 1973 through February, 1975 (some schools submitted reports for a slightly later two-year period).

1/ Section 203 and section 207. These sections are amendments to sections 1673 and 1723 of chapters 34 and 35, respectively (Title 38, U.S. Code).

2/ See paragraph (2) in section 203 of Public Law 93-508.

C. Data Collection

The results are based upon the responses of more than one million graduates enrolled in over 25,000 courses. While the standards for gathering and reporting the required information have been defined in a Veterans Administration Circular (Department of Veterans' Benefits Circular 20-74-113, see appendix A), the data were gathered independently by each vocational school. Whenever data are collected by so many different organizations, the problem of uniformity of the data arises (e.g. schools did not always count students, who met all the requirements for completing the course, as graduates if they failed to make the final tuition and fees payment). The validity of the responses made by many graduates who reported themselves as employed in a closely related type of work has not been determined on a systematic basis. There are indications that some graduates made an extremely loose interpretation of "closely related" (e.g. some of those who graduated from a course in Hotel-Motel management classified themselves as being employed in a closely related type of work while working as a waiter, desk clerk or some similar type of occupation). There were numerous examples of schools failing to submit an acceptable form. Some of their more common errors were:

1. Incorrect addition.
2. Failure to indicate the specific reason for excluding one or more of their respondents.
3. Counting the same graduate as being employed in the field for which he trained and also in a closely related type of work.

The errors were detected by a visual check of the reports or by a computer check. In most instances, the employment rate remained at or above the 50 percent level as required by law. In spite of the visual and computer checks on the raw data, there are some aberrations in the refined data (see chapter III).

The data collection system for the 50 percent employment requirement involves several distinct organizational units. The basic information is obtained from graduates (or from students who completed all the academic requirements for completion of the course) on VA Form 22-8723. The schools summarize the data contained on each of these forms, for a given course, on VA Form 22-8723 (Occupational Graduate Employment Report). This form is then submitted to the State Approving Agency (SAA) for review and certification of the course. The form contains a block in which the SAA must indicate whether the school has satisfactorily demonstrated that the course in question has, or has not, met the 50 percent employment level. The SAA official must sign and date the form (see appendix A for an illustration of how the form is to be completed).

The SAA sends a copy of the signed form to the VA Education Liaison Officer. After a review, a copy of the form is then forwarded to the Research Division, Office of the Controller. Detailed manual and computer checks are made at this point. All errors are discussed with the Education

Liaison Officer and/or the SAA official. Most of the errors are resolved over the telephone; however, some must be resolved by the school. In those cases, the form is returned to the SAA for resolution.

D. SAA Validation

If the form contains errors or the SAA official is suspicious of certain entries, a validation survey is generally scheduled. This is done to validate the numbers posted on each of the lines on VA Form 22-8723. Upon completion of a validation survey, the SAA official classifies the report into one of four categories:

1. Consistent findings.
2. Modified rate but passed.
3. Unacceptable-low score.
4. Rejected-invalid procedure.

These categories are contained on VA Form 22-8724 (see appendix A). This form is a summary of the individual course reports (VA Form 22-8723). It is completed by the SAA and submitted on a monthly basis to the VA.

E. Target Dates

In this initial phase, schools were required to submit their reports by July, 1975. They were granted an extension until November, 1975 if the employment data were not already available. Most schools were granted an extension. (There were instances where all schools in the jurisdiction of a given VA Regional Office were granted a blanket extension to November, 1975). If a school failed to submit an acceptable VA Form 22-8723 for each vocational course, then the course is delinquent and beginning on November 1, 1975, the school was not permitted to enroll new veteran trainees in those delinquent courses. There were however, some exceptions to this rule.

F. Fifty Percent Employment Reports

A total of 28,461 reports for vocational courses were received from approved schools. There were 3,375 courses for which schools reported not having any graduates (2,335 of these courses had no students enrolled during the applicable two-year period). In compiling the reports (for the 28,461 courses) 1,030,653 graduates were polled by VA approved schools. Reports were not received by the VA for about 7,200 VA approved vocational courses. The total number of graduates in those delinquent courses is unknown. The total number of courses subject to the 50 percent employment requirement is 35,661.

II. SUMMARY

1. Public Law 93-508 placed a 50 percent employment requirement on all vocational courses approved for training under the GI Bill. The VA Administrator has determined that in order for schools to comply with this requirement, they must submit acceptable evidence 1/, for each of the approved vocational courses 2/, to show that at least half of their graduates (students who completed all the academic requirements for the course, whether or not they received a diploma, degree or certificate) in the most recent two-year period are employed in the same field for which they trained or in a closely related field at a comparable level. This computation is based upon all graduates, whether or not they were enrolled under a VA program, except that servicemen and certain other graduates may be excluded (see VA Form 22-8723, page 13, Appendix A).

2. The response to this requirement is summarized in the following table:

SUMMARY TABLE I

	Courses	Corresponding Number of Graduates
Total reports received	28,461	1,030,653
with graduates	25,086	1,030,653
without graduates	3,375	-
without students	2,335	-
with students	1,040	-
Total number of courses subject to suspension or removal from status of approved for training under the GI Bill	7,869	Unknown
Number of courses for whom an acceptable report was not received	7,200	Unknown
Number of courses failing to meet the 50 percent employment requirement	669	24,642
Percent failing to meet the 50 percent employment requirement	2.7	2.4

1/ VA Form 22-8723, Occupational Graduate Employment Report, see Appendix A.

2/ Approved vocational courses refer to vocational courses approved for Veterans and servicemen who are enrolled in training under Chapter 34 or dependents (of veterans) enrolled under Chapter 35.

SUMMARY TABLE I (Cont'd)

Average percent employed in same or closely related type of work	84.4%	81.3%
Total number of courses identified for the 1975 survey	35,661	Unknown

3. While most vocational courses met the 50 percent employment requirement, there are indications that a substantial number of courses, if subjected to an in depth audit (as was done by GAO)[1], would no longer qualify for training under the GI Bill. The VA is currently initiating an extensive validation of more than 4,000 courses whose reports are considered to be "out-of-line" (see chapter IV for a more complete discussion of the validation effort).

4. **Public** Law 93-508 did not impose a minimum standard **rate** of completion for vocational courses approved for training under the GI Bill. However, completion rates were obtained as a byproduct to gathering the information needed to satisfy the 50 percent employment requirement. Completion rates published in this report are not comparable to those published in other recent VA reports (see chapter 3 for more detail). The average completion rate of vocational courses subject to the 50 percent employment is 67.3 percent. For vocational courses offered by correspondence schools, the completion rate is 50.3 percent.

5. There have been numerous problems associated with the collection and reporting of the data required from the schools in order to satisfy the 50 percent employment requirement. The initiation of a massive data collection system always has problems which must be corrected, especially a data system that is as diffuse as this one (i.e. each school collects and independently summarizes its own data).

6. Misinterpretations, arbitrary interpretations, lack of proper review of documents submitted to the State Approving Agency, inaccurately completed forms have been common occurrences during the 1975 survey of schools offering vocational courses approved for training under the GI Bill.

7. To compound matters, the review effort made by many of the State Approving Agencies, and VA Education Liaison Officers had a minimal effect on correcting incomplete or erroneously submitted reports. Examples of such incomplete and erroneously submitted reports are:

- Unsigned reports (by the SAA approving official).
- Reports not being dated (or improperly dated). The significance of this omission, is that the reviewer was unable to determine if the data was based on those who completed their training during the proper two-year period as required by law.

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[1] GAO has released a report (HRD 76-171)on the 50 percent employment requirement. It is based on an audit of a small number of schools.

- The SAA approving official failed to formally indicate that the course has (or has not) met the 50 percent employment requirement.
- Arithmetical errors never caught by the school, SAA or the VA Education Liaison Officer; however, a computer check caught and corrected these simple arithmetical errors.
- Failure by the school to cite the specific reason for exclusion of some respondents.
- Failure by the school to poll the proper number of graduates.
- Improper exclusion of graduates from the 50 percent employment computation.
- Improper classification of graduates as being employed in a field closely related to their training (at a comparable level).

8. Steps are being taken to detect and eliminate (or minimize the effect of) the aforementioned types of incomplete or erroneously submitted reports. On future surveys planned corrective action includes the following:

- Improving the instructions accompanying VA Form 22-8723.
- Expanding the scope of a computer check on all VA Form 22-8723's.
- Reemphasizing the important role the SAA official and the Education Liaison Officer has in implementing the 50 percent employment requirement.
- Providing additional funds for expansion of the SAA staff.
- The implementation of a systematic (and large scale) validation of reports submitted in the 1975 survey of schools offering vocational courses, should have, as a byproduct, the effect of improving the validity and completeness of reports to be submitted for the 1977 (and subsequent) surveys.

III. FIFTY PERCENT EMPLOYMENT REQUIREMENT

A. Introduction

The law states that "any sales or sales management course which does not provide specialized training within a specific vocational field, or in any other course with a vocational objective, unless the eligible veteran or the institution offering such course submits justification showing that at least one-half of the persons who completed such course over the preceding two-year period, and who are not unavailable for employment, have been employed in the occupational category for which the course was designed to provide training (but in computing the number of persons who completed such course over any such two-year period, there shall not be included the number of persons who completed such course with assistance under this title while serving on active duty").[1]

The Department of Veterans Benefits and the Office of the VA Controller developed the operational criteria for determining whether or not vocational courses are meeting the 50 percent employment requirement. This is contained in the Department of Veterans Benefits Circular 20-74-113 (see appendix A). Copies of this circular were sent to the VA Education Liaison Officers, State Approving Agencies and to schools offering vocational courses approved for training under chapters 34, 35 and 36 in Title 38, U.S. Code.

Schools, at their expense, were required to obtain relevant employment information on each of their graduates for a prior two-year period.[2] Generally this period ranged from March 1973 to February 1975. The information is to be summarized on VA Form 22-8723 (see appendix A). A school has met the employment requirement if the number derived for entry on line 19 of this form is 50 percent or above.

B. Relationship Between Training and Employment

Schools which have vocational courses approved for GI Bill training are to demonstrate, for each vocational course, that at least half of their graduates (excluding graduates who are either servicemen or are unavailable for employment) have been employed:

In their field of training, or
In a closely related type of work of comparable level.

The 50 percent employment criterion is loosely defined. The criterion fails to indicate:

---

[1] See section 1673 (chapter 34, Title 38, U.S. Code).

[2] Sampling of graduates is permitted if a course has more than 300 graduates over the applicable two-year period.

Whether or not the employment is to reflect current status as opposed to a prior status at any time following completion of training.

A minimum standard length of time needed to be employed in order for the graduate to be counted toward meeting the 50 percent employment requirement.

Whether or not the employment shall be full time as opposed to part time and permanent as opposed to temporary.

Whether any minimum completion rate also should be applicable.

Based upon data provided for over 25,000 courses, the average rate of employment in a training related occupation, for a course, is 87 percent. As can be seen from Table A, an employment rate of 100 percent was reported for nearly half the courses. This does not necessarily mean that, for these courses, every one of their graduates was employed in his (her) field of training or in a closely related field; rather, it applies to those graduates who were not excluded on the basis of one of the following:

Unable to be contacted.
Refused to respond.
Excluded by the school for one of several allowable reasons (see paragraph D in chapter IV for more detailed discussion).

Only 669 of the 25,084 (or 2.7 percent of the) courses for which a report was submitted failed to meet the 50 percent employment criterion (see table A). However, acceptable reports for approximately 7,200 additional approved courses had not been received as of June 30, 1976. Schools are not permitted to enroll additional veterans (or servicemen) in those delinquent courses under the GI Bill until they submit an acceptable VA Form 22-8723 with at least a 50 percent score posted on line 19 (see appendix A). A total of 35,661 vocational courses were subject to the 50 percent employment requirement during the 1975 survey.

Table A

Percentage Distribution of Courses by Percent of Graduates Employed in the Field For Which They Trained or a Closely Related Type of Training

Percent Employed	Percent of Courses	Percent Employed	Percent of Courses
Under 50%	2.7%	90-99	11.2%
50-59	6.1	100%	49.1
60-69	8.0	Total	100.0
70-79	8.9	Mean	87.0
80-89	14.0	Median	99.1

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Table B

Distribution of Courses by Percent of Graduates Employed in the Same or Closely Related Type of Work by Category of Course

Percent of Graduates Employed in Same or Closely Related Type of Work

Category of Course	Less than 10%	10-19	20-29	30-39	40-44	45-49	50-54	55-59	60-69	70-79	80-89	90-99	100%	Total	Mean	Median
GRAND TOTAL	1.0%	0.2%	0.4%	0.6%	0.4%	0.2%	4.3%	1.8%	8.0%	8.0%	14.0%	11.2%	49.0%	100.0%	87.0%	99.1%
Air Conditioning	0.5	0.5	0.5	-	0.7	-	4.4	3.0	15.4	14.0	20.6	10.4	30.0	100.0	82.2	85.4
Business & Commerce	1.1	0.1	0.3	0.7	0.4	0.2	3.7	2.1	8.1	9.5	14.8	12.5	46.5	100.0	86.8	97.2
Computer Technology	1.4	0.7	0.5	1.4	1.0	0.3	7.3	4.9	12.2	12.8	19.3	12.2	26.0	100.0	79.0	83.9
Construction Trades	1.7	0.3	1.2	1.5	0.8	0.2	8.5	2.2	9.3	10.8	16.2	8.9	38.4	100.0	81.2	88.3
Drafting	1.6	-	1.2	0.5	0.8	0.3	4.8	2.2	10.9	8.8	17.4	8.8	42.7	100.0	84.0	91.7
Electrical	1.1	0.4	0.2	1.6	0.7	0.2	5.3	2.9	11.5	10.7	15.6	11.1	38.7	100.0	82.9	89.8
Electronics	1.3	-	0.8	0.4	0.3	0.2	5.3	3.2	13.4	12.1	19.4	12.8	30.8	100.0	82.1	86.7
Flight Training	0.9	-	1/	0.2	0.2	1/	5.0	0.8	6.9	6.6	8.8	2.6	68.0	100.0	90.3	100.0
Health Services	0.4	1/	1/	0.2	1/	0.2	1.2	0.8	3.4	5.5	11.0	21.0	56.3	100.0	93.1	100.0
Heavy Equip Operator	-	-	0.9	-	0.9	1.7	6.0	6.8	16.2	14.5	22.2	14.5	16.3	100.0	78.4	81.3
Mechanics & Repair	1.3	0.1	0.9	1.3	0.6	0.2	6.1	2.8	10.3	12.8	18.4	11.3	33.9	100.0	81.9	87.4
Metal Workers	1.0	0.3	0.6	0.4	0.4	0.1	4.9	2.2	9.7	10.7	16.8	12.1	40.8	100.0	85.0	92.4
Protective Services	0.4	0.4	0.4	0.8	-	-	3.4	0.8	3.0	5.5	13.2	12.7	59.4	100.0	91.3	100.0
Sales	1.1	0.4	0.7	1.4	0.7	-	3.2	2.8	8.1	11.0	18.4	16.9	35.3	100.0	84.9	91.4
Service Occupations	0.5	0.2	0.3	0.4	0.3	0.1	2.4	1.0	5.2	5.8	10.8	15.4	57.6	100.0	91.2	100.0
All Others	1.4	0.2	0.8	0.8	0.6	0.3	4.5	1.5	7.9	9.4	15.4	11.7	45.5	100.0	85.7	96.1

1/ Less than 0.05%

Table C

Percentage distribution of vocational courses by percent of graduates employed in same or closely related type of work by type of facility and proprietary status

Level of course with proprietary status	less than 10%	Percent of graduates employed in same or closely related type of work														
		10-19	20-29	30-39	40-44	45-49	50-54	55-59	60-69	70-79	80-89	90-99	100%	Total	Mean	Median
Public	1.2	0.2	0.8	1.0	0.6	0.3	5.0	2.1	9.5	10.2	15.7	12.8	40.6	100.0	84.4	92.6
Total college	1.8	0.1	0.7	1.3	0.8	0.2	5.8	1.9	8.9	9.7	15.0	11.0	42.8	100.0	83.9	93.4
Jr. college	1.9	0.2	0.7	1.3	0.9	0.2	1.9	6.1	9.3	10.0	14.9	10.8	41.8	100.0	83.4	92.4
Other Schools	0.8	0.3	0.8	0.7	0.5	0.3	4.5	2.3	10.0	10.5	16.2	14.1	39.0	100.0	84.7	92.2
Private	0.8	0.1	0.2	0.3	0.2	0.1	3.8	1.6	7.0	7.9	12.7	10.1	55.2	100.0	89.0	100.0
Total college	0.7	0.2	0.6	0.8	0.1	0.3	3.1	2.5	5.9	6.7	11.9	9.5	57.7	100.0	89.2	100.0
Jr. college	0.4	-	0.4	0.6	0.2	-	4.2	5.0	9.1	11.2	18.4	12.4	38.1	100.0	85.1	90.4
Other Schools	0.8	0.1	0.2	0.3	0.2	0.1	3.9	1.4	7.1	8.0	12.8	10.1	55.0	100.0	89.0	100.0
Total	1.0	0.2	0.4	0.6	0.4	0.2	4.3	1.8	8.0	8.9	14.0	11.2	49.0	100.0	87.0	99.1
Total college	1.6	0.1	0.7	1.2	0.7	0.2	5.2	2.0	8.3	9.1	14.3	10.7	45.9	100.0	85.0	96.1
Jr. college	1.7	0.1	0.7	1.2	0.8	0.2	5.9	2.2	9.3	10.2	15.3	11.0	41.4	100.0	83.6	92.2
Other Schools	0.8	0.2	0.4	0.4	0.3	0.1	4.1	1.7	8.0	8.8	13.9	11.4	49.9	100.0	87.6	99.9

Table B contains the distribution (in percent) of vocational courses by the proportion of graduates employed in the field for which they trained or in a closely related type of work (at a comparable level). The data are separately presented for each major category of course. Heavy equipment operator and computer technology courses had the lowest average of employment (78.4 percent and 79.0 percent, respectively). Health services had the highest average rate (93.1 percent). Three other groups of courses (flight training, protective services, and service occupation courses) also have a median rate of 100 percent (i.e. at least half the vocational courses in those groups indicated that all their graduates, except those excluded for valid reasons, were employed in an acceptable training related occupation).

Vocational courses offered by private schools tend to have a higher percent of their graduates having an acceptable training related job than do public schools (89.0 percent versus 84.4 percent, respectively, see table C). There appears to be little difference in the percent of graduates having an acceptable training related job in vocational courses offered by college as opposed to those offered by other schools (85.9 percent versus 87.6 percent, respectively, see table C).

C. Completion Rates

Public Law 93-508 did not impose a minimum standard on vocational courses for rate of completion. However, the employment rate criterion is based upon graduates, thus completion rates are available (as a by-product) from VA Form 22-8723. Rates of completion are restricted to former students (veterans and non-veterans) who are not servicemen.

The completion rates contained in this report are not comparable to those published in other VA reports, partly because courses with no graduates were excluded from the computation of average completion rate in this report. These courses were excluded because they were unable to be tested for the 50 percent employment requirement.[1/]

The average completion rate for vocational courses subject to and submitting acceptable evidence of meeting (or not meeting) the 50 percent employment criterion is 67.3 percent. This figure is based on data submitted by schools for 25,086 courses with each course receiving equal weight regardless of the number of their respective graduates; if based on the number of graduates in each course, the average completion rate would be 70.8 percent. While neither figure is exactly comparable to other VA reports, the latter (weighted) method is similar to the way completion rates are computed in other VA reports.

1/ Other factors which contribute to the non-comparability are differences in the applicable periods of time, the use of non-veterans in this report, and the technique used in this report to average the completion rate (i.e. each course had equal weight regardless of the number of graduates).

Completion rates for vocational courses offered by correspondence schools are much lower. The average completion rate for correspondence courses is 50.3 percent. When weighted by the number of graduates in each course, the average completion rate drops to 47.2 percent. A recent VA report contained an average completion rate of 41 percent for correspondence schools.[1] That figure was based on trainees who last took training (while enrolled under GI Bill). This exclusion would tend to lower the completion rate and explain some of the difference between the two rates.

Flight training courses fared better than the average vocational course with respect to completion rates (see table D). The average completion rate for flight training courses is 76 percent. This compares to 65.5 percent other resident vocational courses.

Table D

Completion Rates by Type of Course

Type of Course	Completion Rate Unweighted	Weighted
Correspondence	50.3%	47.2%
Flight Training	76.0	75.9
All Other	65.5	74.3
Total	67.3	70.8

Average completion rate varies very little on the basis of type of facility, but exhibits a substantial difference by proprietary status (see table E). Vocational courses given at public institutions exhibit a six percent lower rate of completion than courses given at private schools (63.1 percent versus 69.1 percent, respectively).

Table E

Average Completion Rates by Proprietary Status and Type of Facility

Type of Facility	Proprietary Status Public	Private	Total
Institution of Higher Learning	68.0%	69.8%	68.4%
Jr. College	67.8	60.8	67.0
Other Schools	59.5	69.0	66.1
Total	63.1	69.1	67.3

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[1] Training by correspondence under the GI Bill: An-In-Depth Analysis Veterans Administration June 1976.

Table F contains the distribution of completion rates for each major category of course. Mean and median completion rates also provided. In computing the average rate of completion, each course was given equal weight regardless of the number of graduates in a course. Protective Services courses exhibited the highest average rate of completion (82.5 percent); Electronic courses, the lowest (54.4 percent).

Table F

Percentage Distribution of Vocational Courses by Completion Rate and Major Course Category1/

Completion Rates

Category of Course	Less than 10%	10-19	20-29	30-39	40-49	50-59	60-69	70-79	80-89	90-100	Total	Mean	Median
Air Conditioning	4.8%	3.6%	5.9%	9.5%	7.0%	15.8%	15.2%	13.5%	9.5%	15.2	100.0	59.9%	62.2%
Business & Commerce	4.3	5.0	7.2	8.3	8.3	10.8	11.2	10.5	9.6	24.8	100.0	62.0	65.4
Computer Technology	2.7	5.2	5.2	5.1	9.7	14.8	15.0	10.9	10.8	20.6	100.0	63.2	64.9
Construction Trades	3.9	7.1	9.3	8.5	9.2	10.3	13.2	9.6	8.5	20.4	100.0	58.8	61.3
Drafting	4.9	8.3	7.9	11.4	10.9	12.7	9.5	6.9	6.0	21.5	100.0	56.2	55.2
Electrical	3.0	4.8	7.1	9.1	11.1	12.8	11.7	6.7	8.5	25.2	100.0	61.7	61.8
Electronics	4.1	7.6	11.3	10.7	9.9	14.7	10.4	9.6	6.6	15.1	100.0	54.4	54.4
Flight Training	0.4	1.8	3.9	5.8	4.7	11.0	10.2	8.2	8.6	45.4	100.0	76.0	84.6
Health Services	0.2	0.5	0.9	2.3	2.7	6.3	9.7	16.6	23.0	37.8	100.0	80.0	84.7
Heavy Equip Operator	1/	2.6	1.7	0.8	5.1	6.9	4.3	13.7	23.1	41.9	100.0	79.6	86.5
Mechanics & Repair	4.3	5.0	7.9	8.3	8.3	14.6	12.1	10.7	8.3	20.5	100.0	60.0	61.3
Metal Workers	7.1	5.6	8.0	7.5	8.0	13.1	10.9	10.5	11.3	17.8	100.0	58.2	60.5
Protective Services	1.2	3.3	2.0	4.5	1.2	2.8	4.1	4.0	8.0	68.0	100.0	82.5	92.7
Sales	2.1	2.8	6.2	5.5	4.2	8.7	11.1	13.5	11.5	34.4	100.0	79.5	77.0
Service Occupations	0.4	1.7	3.2	5.7	8.8	12.3	16.5	13.8	13.1	24.5	100.0	69.3	71.0
All Others	3.9	5.1	6.1	7.3	7.6	10.0	10.4	10.2	8.7	30.7	100.0	64.9	69.6
GRAND TOTAL	2.8	3.9	5.6	6.9	7.2	11.3	11.4	10.7	10.6	29.6	100.0	67.3	70.9

IV. QUALITY REVIEW CRITERIA

A. Introduction

An attempt was made to identify courses which were considered to be "out-of-line" in terms of what is contained on VA Form 22-8723 (Occupational Graduate Employment Report). In order to utilize investigative personnel in the review of questionable situations, which affect the most VA trainees, out-of-line criteria were applied only to vocational courses having at least 40 students who terminated their training in a specified two-year period (see section B in chapter I for more details). An out-of-line situation exists if a course is classified in the worst 10 percent for one or more of seven variables. 1/ These variables are:

1. Proportion of no response cases.
2. Proportion of graduates school was unable to contact.
3. Proportion of respondents excluded by school.
4. Proportion of respondents excluded because course was taken for personal enrichment.
5. Completion rate.
6. Ratio of respondents employed in a closely related type of work to total employed in the same field or in a closely related type of work.
7. Proportion of graduates surveyed who were excluded.

Some of the variables are components or subsets of other variables. Variables #4 is a component of variable #3. Variables #1, #2, and #3 are components of variable #7. In spite of this each of the seven are independent variables. A course can be out-of-line for one variable and not for any of the others.

It is intended that most (if not all) of the courses categorized as being out-of-line (see appendix C) will be subjected to a validation survey. This validation survey will determine if they have met the 50 percent employment requirement.

1/ This arbitrary classification of cases as being "out-of-line" is an attempt to direct immediate attention to those courses which appear most likely to include questionable circumstances. This does not mean that all "bad" situations will be included or that all cases included are "bad."

Table 14a and 14b contain a listing of those vocational courses considered to be out-of-line on the basis of one or more of the criteria cited on the previous page. Table 14a is a listing of all out-of-line courses and 14b is a similar listing, but is restricted to courses identified as correspondence courses. There are 4,074 courses identified as being out-of-line; 124 of these are classified as correspondence courses. A summary of these two tables is contained on the next several pages. It indicates the number of courses out-of-line for each specific course code. Appendix B contains the definition of these course codes.

Tables 11-13b supplement tables 14a and 14b by providing more detailed information covering each of the out-of-line criteria (except criterion #7). Basically these tables have the same format. The column headings consist of 13 class intervals beginning with less than 10 percent and ending with 100 percent, a total column, a mean column, and a median column. Each basic line segment consists of four lines labeled: "Course", "Percent", "Graduate", and "Percent". Above the basic line segment is a three digit course header (except for table 13, which contains specific reasons for excluding respondents).

The course line contains the number of vocational courses that fall into each of the column headings. The first "percent" line translates the numbers on the course line into relative terms. The "graduate" line contains the number of graduates associated with the specific courses classified in each of the column headings. The second "percent" line translates the number of graduates into relative terms.

Summary of Appendix Table 14a - Number of Courses Classified as being "Out-of-Line" by Specific Category of Course 1/

Course Code	Course Count	Course Code	Course Count
019	1	143	1
060	23	145	2
080	2	148	1
091	3	164	1
094	1	176	2
098	1	192	1
100	2	193	1
105	1	200	1
130	1	201	8
133	5	202	2

Course Code	Course Count	Course Code	Course Count
203	4	344	10
204	46	345	31
205	4	346	11
206	5	347	8
207	8	371	1
208	25	372	1
209	12	373	1
211	1	375	1
212	3	381	1
213	23	400	5
214	13	401	4
240	3	404	1
262	1	405	3
311	88	406	6
312	21	409	5
313	96	418	1
314	6	420	1
315	3	421	107
320	9	422	3
321	22	423	27
322	18	424	150
232	105	425	199
324	14	426	315
325	18	427	76
329	1	428	72
331	2	429	62
333	3	430	1
334	20	431	431
335	4	432	5
341	114	433	24
342	6	434	6

Course Code	Course Count	Course Code	Course Count
435	107	576	15
436	28	577	70
437	12	579	1
438	21	581	227
451	1	582	1
480	1	583	7
502	14	584	71
503	2	585	7
510	120	586	5
512	2	590	27
521	17	610	2
522	7	620	1
523	40	621	1
524	1	622	1
525	9	623	1
526	29	624	1
529	1	625	1
530	27	262	1
531	1	629	38
533	2	631	26
540	81	632	22
551	6	639	1
552	22	651	1
553	127	700	1
554	12	702	2
561	4	710	1
563	1	715	1
564	4	718	3
565	18	720	8
571	345	740	4
572	40	744	2

Course Code	Course Count	Course Code	Course Count
782	9	880	4
790	6	911	13
801	9	912	17
810	1	914	3
823	1	915	31
862	1	Total	4,074

Summary of Appendix Table 14b - Number of Correspondence Courses and being "Out-of-Line" by Specific Category of Course

Course Code	Course Count	Course Code	Course Count
311	14	553	22
312	3	554	1
315	1	571	8
322	2	572	1
323	7	576	1
324	1	577	3
335	1	583	2
375	1	629	6
421	5	631	1
424	6	632	2
426	2	Total	124
427	5		
428	2		
429	1		
433	10		
436	2		
438	1		
510	5		
540	4		
552	4		

B. Criterion #1 - Proportion of no responses

This criterion is defined as the number of graduates posted on the no response line (line 9 of VA Form 22-8723, see appendix A) divided by the number of graduates to be surveyed (line 6). Courses which exhibit a "high" proportion of no response among those who they plan to poll are considered to be out-of-line.

The following table provides the percentage distribution of all courses by their respective proportion of no responses cases. The mean and median are also provided.

TABLE G

Percent of No Responses - All Courses

No Response Rate	Percent of Courses	No Response Rate	Percent of Courses
0%	45.9%	50-100%	3.5%
1-9	13.0	Total	100.0
10-19	14.0	Mean	12.2
20-29	12.1	Median	3.9
30-49	11.5		

To illustrate, nearly 6 of 10 courses (58.9 percent) exhibit a no response rate of less than 10 percent; 85 percent of all courses exhibit a no response rate of less than 30 percent. The typical (median) course has a no response rate of 3.9 percent. Out-of-line courses exhibit a no response rate that ranges from the upper 30's to 100 percent.

TABLE H

Percent of no responses - Flight training courses

No response rate	Percent of courses	No response rate	Percent of courses
0%	29.9%	50-100%	0.0%
1- 9	14.3	Total	100.0
10-19	22.7	Mean	14.1
20-29	20.7	Median	12.7
30-49	12.4		

Flight training courses have a slightly higher average proportion of no responses than all courses combined. As shown in Table H, about 56 percent of the flight courses have a no response rate of at least 10 percent, whereas nearly 59 percent of all courses have a no response rate of less than 10 percent (see Table G).

TABLE I

Percent of no responses - Correspondence courses

No response rate	Percent of courses	No response rate	Percent of courses
0%	13.1%	60-100%	0.0%
1- 9	14.9	Total	100.0
10-29	57.8	Mean	17.1
30-59	14.2	Median	17.7

Correspondence courses have a higher average proportion of no response cases than either flight training courses or all courses combined. As shown in Table I, the average percent of no response is 17.1 percent as compared to 14.1 percent for flight training courses and 12.2 percent for all courses combined. Nearly 6 of 10 (57.8 percent) correspondence courses have a no response rate of between 10 and 29 percent.

C. Criterion #2 - Proportion of "Unable to Contact" cases

The proportion of the "unable to contact" cases is defined as the number of graduates a school was unable to contact (line 7 of VA Form 22-8723, see appendix A), divided by the number of graduates to be surveyed (line 6). A course is considered to be "out-of-line" if it exhibits a "high" unable to contact rate.

Table 12 in appendix C contains a summary of the proportion of unable-to-contact cases. The format of the data in this table is similar to Table 11 (see appendix C).

Table J contains the distribution of the proportion of courses for 13 class intervals representing a specified range of the percent of the unable-to-contact cases. Out-of-line courses exhibit a rate that ranges from the mid-twenties to 100 percent. The typical course had an unable to contact rate of 4.5 percent. More than a third of the courses (38.4%) were able to contact all graduates surveyed.

TABLE J

Percent of "unable-to-contact cases" - All Courses

Unable to contact rate	Percent of courses	Unable to contact rate	Percent of courses
0%	38.4%	30-59%	5.8%
1- 5	17.3	60-100	1.3
6- 9	11.6	Total	100.0
10-19	17.9	Mean	9.2
20-29	7.7	Median	4.5

The average flight training course exhibited a slightly lower unable to contact rate than the average for all courses combined (8.1 percent versus 9.2 percent, respectively; see tables J and K). Less than 10 percent of flight training courses were out-of-line on the basis of their unable to contact rate.

TABLE K

Percent of "unable to contact" cases - Flight training courses

Unable to contact rate	Percent of courses	Unable to contact rate	Percent of courses
0%	27.5%	30-54%	4.4%
1- 5	26.3	55-100	0.0
6- 9	18.3	Total	100.0
10-19	17.9	Mean	8.1
20-29	5.6	Median	5.3

TABLE L

Percent of "unable to contact" cases - Correspondence courses

Unable to contact rate	Percent of courses	Unable to contact rate	Percent of courses
0%	15.3%	60-100%	0.0%
1- 5	23.5	Total	100.0
6- 9	19.0	Mean	12.0
10-29	31.0	Median	7.9
30-59	11.2		

Unlike residence schools, correspondence schools deal with their students almost exclusively by mail; consequently, one would expect that their address file would be as up to date as possible. However, the contrary is the case. As with the first criterion, correspondence courses again exhibit a higher (poorer) average percent of unable-to-contact cases (criterion #2) than either flight training courses or all courses combined (12.0 percent versus 8.1 percent and 9.2 percent, respectively; see tables J, K and L). Only 15.3 percent of the correspondence courses were able to contact all graduates surveyed.

D. Criterion #3 - Proportion of respondents excluded by school

Schools are permitted to exclude respondents on the basis of one of the following criteria (which tend to reduce the graduates probability or being employed):

1. Graduate is disabled.
2. Graduate continued in or returned to training following completion of the course.
3. Graduate took the course for personal enrichment, or for avocational or recreational reasons.
4. Graduate became pregnant.
5. Graduate had a change in marital status.
6. Graduate was unwilling to move to a new locality
7. Graduate cited other valid reasons.

The excluded respondent rate is defined as the ratio of the number of respondents excluded (line 13 of VA Form 22-8723, see appendix A) to total respondents (line 10).

The following table provides the percentage of courses classified into each of the 13 gradations of the excluded respondents rate. As can be seen, more than half (54.8%) of the courses exhibit a respondent exclusion rate of less than 10 percent. Courses exhibiting an out-of-line condition have a rate that ranges from the upper 30's to 100 percent (see Table M). The typical (median) course has an excluded respondent rate of 9.1 percent.

TABLE M

Percent or respondents excluded by school - All courses

Excluded respondent	Percent of courses	Excluded respondent	Percent of courses
0%	25.9%	30-39%	5.3%
1- 5	16.6	40-100	8.6
6- 9	12.3	Total	100.0
10-19	19.6	Mean	13.9
20-29	11.7	Median	8.3

TABLE N

Percent of respondents excluded by school - Correspondence schools

Excluded respondent	Percent of courses	Excluded respondent	Percent of courses
0%	13.4%	50-59%	9.0%
1- 9	17.2	60-79	3.0
10-19	14.8	80-100	0.4
20-29	13.1	Total	100.0
30-39	14.5	Mean	25.0
40-49	14.6	Median	23.9

The average percent of respondents excluded for one of several valid reasons by correspondence schools is nearly twice as high as the percent excluded by all schools offering vocational courses (25.0 percent versus 13.9 percent, respectively).

E. Criterion #4 - Proportion of respondents excluded because they took the course for personal enrichment

This criterion is similar to criterion #3, except that the numerator is limited to the number of graduates excluded because they took the course for personal enrichment or for avocational or recreational purposes. Table 13 (see appendix C) contains a summary of the proportion of graduates excluded from all courses for this reason.

Table O contains a distribution of the percent of courses that fall in each of 13 groupings by percent of excluded respondents because of personal enrichment or for avocational or recreational purposes.

About 8 of 10 (80.6 percent) vocational courses did not exclude a single graduate on the basis of their taking the course for personal enrichment or for avocational or recreational purposes. The typical course failed to exclude a single respondent for this reason. Only one-half of one percent of the courses excluded 30 or more percent of their graduates (for this reason). Courses considered to be out-of-line had a percent of excluded respondents that ranged from about 4 percent to 100 percent.

TABLE O

Percent of respondents excluded because they took the course for personal enrichment - All courses

Excluded respondents	Percent of courses	Excluded respondents	Percent of courses
0%	80.6%	30-100%	0.5%
1- 3	8.9	Total	100.0
4- 9	6.5	Mean	1.4
10-29	3.5	Median	0.0

Vocational courses offered by correspondence schools exhibit a much higher percent of graduates who took (and were excluded by the school) the course for personal enrichment, or for avocational, or recreational reasons as compared with all vocational schools combined (6.4 percent versus 1.4 percent, respectively). Almost one-tenth (9.3 percent) of the correspondence courses had at least 20 percent of their graduates take the course for that reason.

TABLE P

Percent of respondents excluded because they took the course for personal enrichment - Correspondence Courses

Excluded respondents	Percent of courses
0%	36.2%
1- 3	17.5
4- 6	14.6
7- 9	7.8
10-19	14.6
20-29%	6.0%
30-100%	3.3
Total	100.0
Mean	6.4
Median	3.2

F. Criterion #5 - Completion rate

The completion rate is defined as the proportion of former trainees (except servicemen) who successfully completed their training. While it may seem easy to determine and classify students who successfully completed their training, there is evidence of inconsistency in this classification among the schools. For example, some schools exclude students who have met all the requirements for completion of the course, but have failed to pay the final amount due on the tuition and fees. Other schools excluded students who completed the course, but did not take an examination for a particular license (or if they did, they failed to pass that examination).

A course is considered to be out-of-line if its completion rate is "low" (i.e., its completion rate when ordered from low to high is in the lowest 10 percent of the group). In this instance a completion rate of under 19 percent is considered to be "out-of-line" (see table Q). The typical (median) course has a completion rate of 62.1 percent. More than a quarter of the courses have a completion rate of 80 percent or above.

TABLE Q

Distribution of completion rate for all courses

Average completion rate	Percent of courses	Average completion rate	Percent of courses
Less than 10%	4.9%	70-79%	13.2%
10-19	5.6	80-89	12.8
20-29	6.7	90-99	7.6
30-39	8.5	100%	6.0
40-49	9.1	Total	100.0
50-59	12.4	Mean	59.1
60-69	13.2	Median	62.1

The average completion rate of flight training courses is slightly higher than the rate for all courses (61.0 percent versus 59.1 percent, respectively; see tables Q and R). Only about 6.3 percent of the flight training courses are considered to be out-of-line.

TABLE R

Distribution of completion rate - Flight training courses

Average completion rate	Percent of courses	Average completion rate	Percent of courses
Less than 10%	2.0%	70-79%	6.8%
10-19	4.3	80-89	12.0
20-29	8.8	90-99	14.7
30-39	12.0	100%	7.1
40-49	10.3	Total	100.0
50-59	12.4	Mean	61.0
60-69	9.6	Median	60.2

The average completion rate for correspondence courses is substantially lower than the average rate for either flight training courses or all vocational courses combined (45.2 percent versus 61.0 percent and 59.1 percent, respectively). About one of five correspondence courses are considered to be out-of-line. This is more than twice as many, proportionally, as flight training courses or all vocational courses combined (see tables Q, R and S).

TABLE S

Distribution of completion rate - Correspondence courses

Average completion rate	Percent of courses	Average completion rate	Percent of courses
Less than 10%	7.1%	70-79%	9.3%
10-19	13.8	80-89	3.4
20-29	16.0	90-99	7.4
30-39	1[illegible].1	100%	3.0
40-49	11.2	Total	100.0
50-59	13.1	Mean	45.2
60-69	5.6	Median	42.3

G. Criterion #6 - Ratio of respondents employed in a closely related type of work to total employed in the same field or in a closely related type of work.

This criterion was developed to identify courses exhibiting a "high" proportion of graduates classified as being employed in a closely related type of work. The number of respondents who are employed in either their field of training or in an occupation closely related to their training comprise the denominator or base of this criterion. A course is considered to be "out-of-line" if it exhibits a rate of about 28 percent or above. The typical (median) course failed to classify a single respondents as being employed in a closely related type of work.

TABLE T

Ratio of respondents classified as being employed in a closely related occupation to those employed in the same or in a closely related occupation - All Courses

Percent of respondents employed in a closely related job	Percent of Courses	Percent of respondents employed in a closely related job	Percent of Courses
0%	51.1%	20-29%	7.0%
1-3	8.9	30-100	8.2
4-6	7.6	Total	100.0
7-9	5.2	Mean	8.4
10-19	12.0	Median	0.0

Flight training schools classified a higher proportion of their graduates who are employed in a training related job as being employed in closely related job rather than in a job that is directly in their field of training as compared with correspondence schools and all approved schools offering vocational courses (21.5 percent versus 14.5 percent and 8.4 percent, respectively, see tables T, U, and V). About one-third of all flight training courses are classified as being out-of-line on the basis of this criterion.

TABLE U

Ratio of respondents classified as being employed in a closely related occupation to those employed in the same or in a closely related occupation - Flight training courses

Percent of respondents employed in a closely related job	Percent of Courses	Percent of respondents employed in a closely related job	Percent of Courses
0%	27.9%	20-29%	10.0%
1-3	6.0	30-100	31.8
4-6	5.2	Total	100.0
7-9	5.2	Mean	21.5
10-19	13.9	Median	14.8

30

TABLE V

Ratio of respondents classified as being employed in a closely related occupation to those employed in the same or in a closely related occupation - Correspondence Courses

Percent of respondents employed in a closely related job	Percent of Courses	Percent of respondents employed in a closely related job	Percent of Courses
0%	26.5%	20-29%	19.4%
1-3	9.3	30-100	10.8
4-6	4.9	Total	100.0
7-9	7.1	Mean	14.5
10-19	22.0	Median	11.1

Correspondence courses exhibit a substantially higher percent of graduates employed in an occupation that is closely related to their training among those employed in a training related occupation as compared with all approved courses (14.5 percent versus 8.4 percent, respectively, see tables T and V). About one of six correspondence courses are out-of-line on the basis of this criterion.

H. Criterion #7 - Proportion of graduates surveyed who were excluded

This criteria is defined as the number of graduates who were classified as one of the following:

Unable to contact (line 7),1/

No response (line 9),1/

Excluded respondents (line 13),1/

Divided by the number of graduates to be surveyed (line 6). A course is considered out-of-line if a "high" proportion of the graduates to be polled are excluded. Appendix table 14a lists out the specific courses considered to be out-of-line for this variable and for the other six variables. Appendix table 14b is a similar listing, but is restricted to correspondence courses. Practically all the courses considered to be out-of-line had a rate of 50 percent or greater.

1/ See VA Form 22-8723, Appendix A.

V. TECHNICAL NOTES

A. Study Population

As stated earlier in this report, the 50 percent employment requirement is applicable to all vocational courses approved for VA training; however, courses which did not have any graduates during the applicable two-year period could not be tested for this requirement. Consequently, trainees still are permitted to enroll in these courses under the GI Bill. There were 3,375 courses of this type. Table W contains a count of these courses by state. Most of these courses, never had a student enrolled during the applicable two-year period.

B. Response Rate

Table X and Y contain the distribution of the adjusted and unadjusted response rate, respectively, for the more than 25,000 vocational courses for which an acceptable VA Form 22-8723 (Occupational Graduate Employment Report) was submitted. The adjusted response rate is defined as the total number of respondents divided by the number surveyed less those who the school was unable to contact. The unadjusted response rate is similarly defined except that those who the school was unable to contact are not discounted from the denominator. The average (mean) adjusted response rate is a respectable 89.0 percent. The typical (median) adjusted response rate is somewhat higher (96.8 percent). The average unadjusted response rate as usual, trails (is lower than) the average adjusted response rate by 7.5 percent (see tables X and Y).

Only about one of fifteen (6.5 percent) courses fell below the minimum acceptable response rate of 55 percent. Courses with a response rate lower than 55 percent must base the computation of the unemployment rate on a minimum 55 percent response rate (see lines 11, 12, 14 and 15 in VA Form 22-8723 in appendix A).

The average adjusted rate varies very little between public and private schools (88.2 percent versus 89.6 percent, respectively). There is, however, a substantial difference in adjusted response rate between vocational courses offered at public institution of higher learning and other public schools (83.1 percent versus 92.0 percent, respectively, see table Z).

Table W

Number of VA approved vocational courses submitting a VA Form 22-8723 indicating that they have had no graduates or students during a two-year period by state

State	No Graduates[1/]	No Students	Total
Alabama	24	30	54
Alaska	5	7	12
Arizona	15	43	58
Arkansas	9	39	48
California	71	183	254
Colorado	4	15	19
Connecticut	11	8	19
Delaware	4	--	4
District Of Columbia	1	1	2
Florida	1	6	7
Georgia	23	27	50
Hawaii	9	8	17
Idaho	5	7	12
Illinois	61	205	266
Indiana	24	17	41
Iowa	10	57	67
Kansas	21	16	37
Kentucky	47	67	114
Louisiana	--	2	2
Maine	--	10	10
Maryland	14	15	29
Massachusetts	3	10	13
Michigan	40	134	174
Minnesota	1	5	6
Mississippi	20	24	44
Missouri	17	10	27
Montana	--	--	--
Nebraska	8	33	41
Nevada	--	--	--
New Hampshire	--	--	--
New Jersey	29	52	81
New Mexico	15	8	23
New York	102	615	717
North Carolina	18	10	28
North Dakota	3	4	7
Ohio	66	62	128
Oklahoma	49	49	98
Oregon	13	19	32
Pennsylvania	35	191	226
Rhode Island	--	7	7
South Carolina	7	6	13
South Dakota	6	19	25
Tennessee	118	40	158
Texas	78	116	194
Utah	7	3	10
Vermont	2	4	6
Virginia	1	3	4
Washington	18	57	75
West Virginia	4	14	18
Wisconsin	18	76	94
Wyoming	3	1	4
Total	1,040	2,335	3,375

1/ The no graduates category includes courses having some students, but no graduates.

Table X

Distribution of Courses by Adjusted Response Rate

Adjusted Response Rate	Percent of Course	Adjusted Response Rate	Percent of Course
0%	0.9%	71-75	4.1%
1-10	1/	76-80	4.7
11-20	0.2	81-85	4.1
21-30	0.5	86-90	5.1
31-40	1.3	91-95	4.2
41-50	2.8	96-100	63.0
51-55	0.9	Total	100.0
56-60	2.6	Mean	89.0
61-65	2.0	Median	96.8
66-70	3.6		

Table Y

Distribution of Courses by Unadjusted Response Rate

Unadjusted Response Rate	Percent of Course	Unadjusted Response Rate	Percent of Course
0%	0.9%	71-75	6.3%
1-10	0.1	76-80	6.5
11-20	0.6	81-85	5.7
21-30	1.3	86-90	7.1
31-40	2.5	91-95	6.2
41-50	5.4	96-100	43.7
51-55	1.8	Total	100.0
56-60	3.5	Mean	81.5
61-65	3.1	Median	89.9
66-70	5.3		

1/ Less than 0.05%

Table Z

Average response rate by type of facili y and proprietory status

Type of facility within proprietory status	Average response rate Mean	Median
Public	88.2	96.8
Institute of higher learning	83.1	95.2
Other schools	92.0	97.2
Private	89.6	96.9
Institute of higher learning	86.7	96.5
Other schools	89.8	96.9
Total	89.0	96.8
Institute of higher learning	83.8	96.1
Other schools	90.5	97.0

C. Reporting Problems

Numerous problems were encountered in the attempt to obtain and summarize meaningful data from the Occupational Graduate Employment Report. One of the main reporting problems is the error of omission. Schools repeatedly failed to post the applicable number on one or more lines of an individual course report, VA Form 22-8723. Many of these omissions had little or no effect, because information provided on other lines was sufficient to determine the missing information. One data item frequently omitted and for which we were unable to deduce the missing information without consulting the SAA, was the reason for exclusion of respondents (lines 13a through 13g in VA Form 22-8723, see appendix A). Some schools were unable to determine the number of trainees who had been enrolled in the course.

An item that was frequently omitted was dates for the applicable two-year period. We assumed that the data provided applied to the proper two-year period, however, the absence of these dates on the form leave some doubt as to that. There were numerous examples of forms not being signed by the SAA Official, or not dated or omission of a check mark formally indicating whether or not the course has satisfied the 50 percent employment requirement.

There was, and still is, a tabulation problem involving the identification numbers assigned to courses. The identification number consists of the facility code and course code. Unfortunately, the course codes assigned to individual course are not always unique. Therefore it was impossible to differentiate, by means of a computer, two duplicate records as opposed to two different courses given at the same facility and having the same course code. This required a visual check of about 12,000 records to determine which were duplicates.

D. Statistical Error

While sampling of graduates was permitted under VA guidelines (see appendix A) very few schools chose that option. Consequently, the data can be considered to be population data with every difference being statistically significant. All statements contained in this report are based upon and applicable to the 25,086 courses (or a subset thereof) for whom a report was submitted rather than all 35,661 courses subject to the 50 percent employment criterion.

VI. CONCLUSIONS

1. The overwhelming majority of approved vocational courses for which a report was submitted (VA Form 22-8723) met the 50 percent employment requirement.

2. Little is known about the characteristics of the large number of approved vocational courses (about 7,200) for which a report (VA Form 22-8723 indicating whether or not they met the 50 percent employment requirement) was not submitted. Since the enrollment of more VA trainees in these delinquent courses is barred, we assume that the schools feel that it is not in their best interest to file a report to retain an approved status for these courses.

3. A surprisingly high number of the approved vocational courses for which a report was received, (3,345) have not produced any graduates over the two-year period. Additionally, most of these courses did not have any students enrolled in them during that period.

4. The minimum acceptable response rate of 55 percent was met for the overwhelming majority of the courses for which reports were received. If the minimum acceptable response rate were to be raised to 75 percent the proportion of courses which might be penalized would be increased to about one of five.

5. Correspondence schools generally exhibited an inferior performance with respect to completion rate, employment rate, and quality review criteria used for establishing which courses may be subjected to a special validation effort by the VA.

6. Looking toward the next cycle of reviews, there is need for improvement in:

a. The definition of what constitutes a graduate.

b. The procedures for and the amount of validation done on courses for which a VA Form 22-8723 is submitted. At best, the validation effort made by many of the SAA officials during FY 1976 can only be described as marginal.

c. The coordination between the VA Education Liaison Officer and the SAA approving official regarding the composition of the list of schools and courses subject to the 50 percent employment requirement and action taken on courses which are delinquent or which fail to meet the 50 percent employment requirement.

d. The check of VA Form 22-8723 made by SAA officials to determine that the numbers posted are both complete, internally consistent, and related to all those who graduated during the applicable two-year period.

e. The procedures used to uncover duplicate records. As a mean of facilitating a computer check on possible duplicates, the system of assigning course codes should be modified to include a fourth character (a letter). This would distinguish between an incorrect situation where a single course is entered twice on the computer and a correct situation where two different courses in the same school have the same basic course code.

APPENDIX A

DEPARTMENT OF VETERANS BENEFITS CIRCULAR

Department of Veterans Benefits
Veterans Administration
Washington, D. C. 20420

DVB Circular 20-74-113
Appendix B
May 12, 1975

SURVEY OF EMPLOYMENT FOLLOWING TRAINING IN VOCATIONAL COURSES
(RCS 22-12)

1. PURPOSE

This appendix provides instructions and procedures to be followed by the schools and the SAA (State approving agencies) in making a survey of employment following training in vocational courses. Vocational courses offered by schools for training under chapters 34 and 35, title 38, U. S. Code, must have their approval recertified in accordance with the provisions given in this appendix, to be completed by December 1, 1975. The provisions of this appendix do not apply to OJT and apprenticeship training establishments.

2. GENERAL

a. Additional requirements have been enacted relative to initial and continued approval of courses of study which lead to vocational objectives, under title 38, U. S. C., chapters 34 and 35. In order to be initially approved, or for continued enrollment under chapters 34 and 35 to be allowed, schools offering such courses must demonstrate that at least 50 percent of the persons completing such courses during a designated 2-year period have been employed in the occupational category for which the course was designed to provide training, or in a closely related occupational category which requires a high degree of use of the skills learned from the course.

b. School courses currently approved for VA training which lead to a vocational objective (courses not leading to an educational objective) are subject to this requirement, as well as vocational courses for which initial approval is requested. The necessary employment survey will be made individually for each approved course, whether or not eligible persons under chapters 34 and 35 are or ever have been enrolled in the course. In view of the requirement for coverage of persons completing the course in the 2 most recent years, it will be necessary for these surveys to be accomplished anew at the end of each 12-month period following the initial survey. This appendix provides instructions for the first review of approved courses. Instructions for recurrent reviews at 12-month intervals will be issued later.

c. Courses offered by correspondence schools will be surveyed on a nationwide basis. Courses in resident schools, which have extensions or branches, will be surveyed on the basis of the organizational units which currently are approved to offer such courses, or which are seeking initial approval (i.e., if there is, or will be, one approval of courses for multiple locations, then the survey will be conducted based on the one approval. Conversely, if the same course is offered by a school in more than one location which has separate approvals, separate surveys will be conducted for each such location). Schools which offer the same courses on a full-time or a part-time basis will not distinguish between full-time and part-time students in the survey. However, it must be emphasized that individual courses must meet the criteria as set out in this appendix, not the overall school.

d. Schools having currently approved courses with less than the required 50 percent employment rate in the same or a closely related employment category for which the course provided training, will not be allowed to enroll any more eligible persons under chapter 34 or 35 in such courses. Schools are allowed until July 1, 1975 to request an extension from the State approving agency, and if the extension is granted, the period ending November 1, 1975 is allowed for all reports to be made from the schools to the State approving agencies. After the applicable date, no further enrollments of eligible persons will be allowed under chapter 34 or 35 unless the extension is granted by July 1, 1975 and satisfactory survey results are submitted to the SAA by November 1, 1975. If subsequently, the school is able to demonstrate that for the most recent 2-year period the course has attained the required 50 percent employment rate, then the school may submit the results of the survey covering the most recent 2-year period so that eligible persons under chapters 34 and 35 may again be enrolled.

e. The VA Liaison Representative will maintain contact with the State approving agency at all stages in the development and reporting of these surveys. It is expected that questions raised by the State approving agency, or the schools, generally will be resolved by the VA Liaison Representative. If, after consulting with appropriate regional office officials, there remain questions or problems which cannot be resolved locally, these questions and problems will be referred to the Area Field Director (223).

f. For a course that a school wishes to add to its list of approved courses, which has not been in operation for 2 years or more, but is similar in character to a course previously furnished by the school for a period of at least 2 years, the State approving agency will determine that the survey of the course which had been in operation at least 2 years meets the employment criteria. The State approving agency will furnish the VA a copy of the survey report along with the approval and the basis for its view as to the similarity in character. If there is no course similar in character to the course for which approval is requested and such course is not subject to the requirement of being in operation for 2 years, then enrollments may be authorized for the initial course without certification of the 50 percent employment rate until 7 months following the graduation date of the first class, at which time the survey results must be submitted to the SAA. The SAA will then be allowed an additional month to submit the results to the RO.

3. PERSONS TO BE SURVEYED. All persons who completed the course during the specified 2-year period will be surveyed, except that:

a. Individuals who completed the course while on active duty in the Armed Forces will be excluded, and

b. A sample of the persons completing the course may be surveyed if the number otherwise would exceed 300 persons for the course. Instructions for development of the sample are given in exhibit C.

4. TIME PERIODS. If the information is already available to the school, as determined in paragraph 5b(1) and (2) below, the survey results should be submitted to the SAA by July 1, 1975. If the information is not available and the school believes its course or courses meet this requirement and it wishes to continue to enroll veterans and eligible persons in its course or courses, the school may request from the SAA by July 1, 1975, an extension until November 1, 1975 in order to conduct a survey. If the SAA receives no request for an extension or survey results by July 1, 1975, the SAA will immediately notify the RO that the criteria of this appendix have not been met. If the school receives an extension, the period until November 1, 1975 will be allowed for completion of all required surveys and submission of the results to the SAA. If the SAA does not receive the survey results by November 1, 1975, the SAA will immediately notify the RO that the criteria of the appendix have not been met. The SAA will be allowed until December 1, 1975 to forward certifications of the approvals for affected vocational courses to the VA regional office. After December 1, 1975, no further entries into training will be approved by the Veterans Administration for

those courses which do not meet the criteria of this appendix. Eligible persons currently enrolled may continue pursuing the program. Once interrupted (other than end of term) prior to completion of the program, the student will no longer be permitted to reenroll unless the provisions of this appendix are met.

a. Although the effective date of PL 93-508 is December 3, 1974, courses approved before the SAA receives this appendix must notify the SAA as above. For courses not yet approved by the SAA approval cannot be granted until the criteria in the appendix have been met. All new approvals must include information to establish that this requirement of the law is met, if applicable, before enrollment of eligible veterans and persons will be permitted.

b. The initial survey will cover persons who completed the course during the 2-year period beginning March 1, 1973 and ending February 28, 1975; except that when the course is operated on the basis of regularly scheduled beginning and ending periods, the beginning and ending dates may be adjusted so that the ending date of the 2-year period will coincide with the most recently ended course period.

c. The field stations are to distribute this appendix to the individual schools which have vocational courses approved for trainees under title 38, U. S. C., chapters 34 and 35, in order for the schools to receive them by June 2, 1975.

d. Schools receiving an extension of time to complete a survey will be allowed until November 1, 1975 for preparation and planning, conducting the study, and reporting the required information to the State approving agency. The State approving agencies are allowed until December 1, 1975 to receive, review, and certify the individual survey reports to the Veterans Administration.

5. DATA TO BE DEVELOPED AND REPORTED

a. General

(1) Schools offering vocational courses must submit justification for each such course showing that at least one-half of the persons who completed the course over the preceding 2-year period, and who are not unavailable for employment, have been employed in the occupational category for which the course was designed to provide training or in a closely related occupation of comparable level which requires a high degree of use of skills learned in this course. Persons who completed

the course while serving on active duty in the Armed Forces and persons who are clearly not available for employment in such an occupation will be excluded from this computation.

(2) A separate survey must be made for each vocational course which is currently approved, or for which approval is being sought under the provisions of title 38, U. S. C., chapters 34 and 35.

b. Data to be Developed and Reported by the School

(1) A questionnaire, VA Form 22-8722, Occupational Graduate Employment Questionnaire, has been approved by the Office of Management and Budget under the Federal Reports Act (see Exhibit A). This questionnaire must be used by the schools unless they can demonstrate to the satisfaction of the State approving agency (subject to postreview and concurrence by the Veterans Administration) that they already are obtaining data on the employment experience of former trainees which is adequate to answer questions 1 through 4B of the questionnaire for at least 75 percent of the persons who have completed the course within the designated 2-year period. It will be necessary for the school to request a supply of the questionnaires through the local regional office. Requests for initial supplies should be conservative and subsequent needs will be met by additional requests for the forms. The schools must overprint, stamp or in some way show the school address at the top of the questionnaire. If the school wishes to ask additional questions, they may do so in an addendum (a separate sheet). If this is done, the school must clearly state, preceding the additional questions, that these questions are asked by the school and are not required by PL 93-508; the Office of Management and Budget approval number and the VA form number will not be printed on the addendum. At the option of the school, the questionnaire may be used as an interview schedule.

(2) Before the State approving agency agrees with a school that data already available to the school are adequate to answer questions 1 through 4B, it will be necessary for the SAA to ascertain that the school's data distinguish between employment which is closely related to the course and employment which is not closely related (see instructions for question 3 on exhibit A).

(3) The school will identify all persons who have completed or discontinued training in each approved course during the designated 2-year period and will make a reasonable effort to contact each and every one of the persons who completed the course (except when the use of a sample of these persons is authorized in accordance with instructions in exhibit C). A "reasonable effort to contact" will include search of the

applicable telephone directory to obtain a current telephone number or address of any persons not originally reached on the basis of the mailing address in the school records, as well as a request to the post office to forward letters to the new address of persons who have moved. Enclosure of a preaddressed, postage paid envelope is recommended. The school will retain records to document attempts made to reach graduates whom they designate as "unable to contact." This may be the envelope returned by the postal service because of "addressee unknown" or "moved and no forwarding address," etc.; augmented with memorandum or other evidence of unsuccessful attempts to find a current address using the telephone directory or other sources.

(4) It is expected that the school will obtain at least a 75 percent response rate from those graduates who receive the questionnaire or who are otherwise reached by the school. The school will continue to make followup mailings, or other efforts (telephone calls, visits, etc.) to obtain a response, until the 75 percent response goal is attained, or until they have made at least three attempts (over a period of two months) to obtain a response. If the 75 percent response goal is not reached, the school must have documentation to show that this minimum of three efforts was made to obtain a response from the nonrespondents (excluding "unable to contact" cases). If the final response rate is less than 55 percent, the computation will be made on the basis of a 55 percent response rate. Line 12 of VA Form 22-8723, Occupational Graduate Employment Report (Schools), is designed to provide that at least a 55 percent response rate is used in the analysis.

(5) Schools will maintain records of the methodology used in obtaining the survey information. If an interview is conducted, whether in person or by telephone, the record of the interview will be signed by the person conducting it. All survey records, or school records used in lieu of a survey, must be retained for each applicable course and must be readily available at the school for audit by the State approving agency and/or the Veterans Administration for a period of at least three years following the date of the school's report to the State approving agency. If the school engages outside help to conduct the survey, the school must make provision for the contractor to be available to answer questions which may be raised by the State approving agency or the Veterans Administration concerning the survey. However, the responsibility for an accurate and valid survey rests with the school and all survey records must be maintained at the school.

(6) The school will make a report to the State approving agency for each course surveyed using VA Form 22-8723, Occupational Graduate Employment Report (Schools) (see exhibit B). The first 6 lines of this report provide the basis for identification of the persons to be included in the survey, while lines 7 through 19 provide information concerning the results of the survey. Instructions for preparation of this report and development of a sample of former trainees, if applicable are given in exhibits B and C. It is emphasized that schools must notify the State approving agency by July 1, 1975, either submitting the survey results or requesting an extension.

(7) The statement in item 4B of the questionnaire about taking the course for personal enrichment, avocational or recreational purposes only, is for checking, when applicable, by students who completed the course without assistance from the VA. Students are not permitted to receive educational assistance from the VA for pursuing a course for personal enrichment, avocational, or recreational purposes.

c. Data to be Compiled and Reported to the VA by the State Approving Agency. State approving agencies will use VA Form 22-8724, Occupational Graduate Employment Report (SAA) (see exhibit D) to report progress and status of the employment survey in their State. Nationwide surveys for correspondence schools will be reported by the State approving agency of the State in which the correspondence school is located.

d. Data to be Sent by the Field Station to VA Central Office. Correspondence courses which do not meet the criteria of this appendix will be reported immediately to Area Field Directors (223B) via TWX so that the information may be disseminated to all stations. Upon receipt of VA Form 22-8723, the VA Regional Office will enter in the designated spaces their two-digit regional office code, the eight-digit facility code and the three-digit course code applicable to each report. A clear reproduced copy of each report will be mailed to Central Office (042A1A); these copies will be accumulated and mailed at the end of each week during the period in which these reports are being forwarded by the State approving agency. In addition, a clear reproduced copy of VA Form 22-8724 will be mailed to Central Office (042A1A) by the 15th of the month following the end of reporting period. Details and procedures for a more extensive report will be released at a later date.

6. ACTION TO BE TAKEN BY THE STATE APPROVING AGENCY AND THE VA. In addition to the specific actions required by the preceding instructions, the State approving agency and the VA will be responsible for the following actions:

a. State Approving Agency

(1) In those surveys for any given course, where there is reason to challenge the validity of the survey, the

State approving agency will audit such surveys. Other surveys which meet the criteria of this appendix will be audited on a random spot-check basis during supervisory visits to schools.

(2) Certification of existing approvals, based upon satisfactory survey results or notification of noncertification because of failure to meet the criteria or delinquent action in completion of the survey, and for other reasons, will be given or mailed to the VA Liaison Representative. A VA Form 22-8723 will be submitted for each vocational course currently approved and a copy retained for SAA files.

(3) Where all of the graduates of a course over the designated 2-year period were on active duty in the Armed Forces of the U.S. at the time they completed the course, further enrollments will be allowed without restriction and the VA Form 22-8723 will be annotated by the SAA that the above fact was verified. Conversely, where all of the graduates over the designated 2-year period were not on active duty in the Armed Forces of the U.S., the course will be subject to the criteria of this circular.

(4) Every survey result submitted to the State approving agency will be checked for mathematical accuracy and compliance with required procedures.

b. Veterans Administration

(1) The RO will maintain an updated facilities approval file, which clearly indicates the current status of the approval relative to certification, or noncertification resulting from this survey. When reports are delinquent, for whatever reasons, further enrollment of VA trainees in such courses will not be allowed until such time as certification of the approval, based on satisfactory results of the survey, has been received from the State approving agency. A time extension for delinquent reports will not be granted in any case. The Liaison Representative will notify the Adjudication Division immediately upon receipt of certification or noncertification from the State approving agency pertaining to the status of affected courses, using a memo for the facilities approval file and sufficient copies for the Adjudication Division.

(2) Each VA Form 22-8723 received from the SAA will be reviewed to determine whether or not the exclusions allowed under item 13C, Personal Enrichment, Avocational, or Recreational Purposes Only, are significant enough to indicate that the course is generally avocational or recreational rather than vocational. If so indicated, the school should be contacted to supply any information they desire to overcome the presumption that the course is avocational or recreational.

Unless the presumption is overcome, the school will be notified by the Director of the field station that each individual veteran or eligible person must establish that the course will be of bona fide use in his or her present or contemplated business or occupation as required by VAR 14252(B)(4).

(6) As a part of the compliance survey function, VA regional office personnel will review State approving agency and school records on a spot-check basis to assure conformance with instructions and to verify that the school surveys were accomplished in a statistically valid and reliable manner, in accordance with the provisions of this appendix.

7. FORMS SUBMISSION

a. Schools. Schools having courses affected by this appendix have until July 1, 1975 to either submit two copies of VA Form 22-8723 for each of their courses to the SAA, or to request an extension of time from the SAA until November 1, 1975 to submit the forms for affected courses.

b. State Approving Agency. The SAA has until December 1, 1975 to forward the VA Forms 22-8723 to the regional office; however, submission of these forms as they are received is recommended. VA Form 22-8724 will be submitted initially for the period June 1, 1975 to July 31, 1975. Thereafter, it will be prepared at the end of the month and sent to the regional office in order to be received there by the fifth workday of the following month.

8. FALSE STATEMENTS. Willful false statements concerning matters in any document required by the law may subject the person to fine, imprisonment or both. Also, false statements may result in the discontinuance of payments to veterans and eligible persons enrolled in the school.

Rufus H. Wilson
RUFUS H. WILSON
Chief Benefits Director

Distribution: CO: RPC 2900
FD FLD: RPC 2223 plus 5 copies for Veterans Services Division in ROA;VBC & VROC,1 each;SAA and schools per VA Form 3-7225 and 3-7225a
EX: HNSO & AR, 1 each

DVB Circular 20-74-113
Appendix B
Exhibit A

May 12, 1975

(Insert school name and address or letterhead)
Downeast TV Repair School
5 Winterport Drive
Bangor, ME 04401

NAME OF GRADUATE
Robert C. Winding

ADDRESS OF GRADUATE
9 Duncan Rd.
Augusta, ME 04330

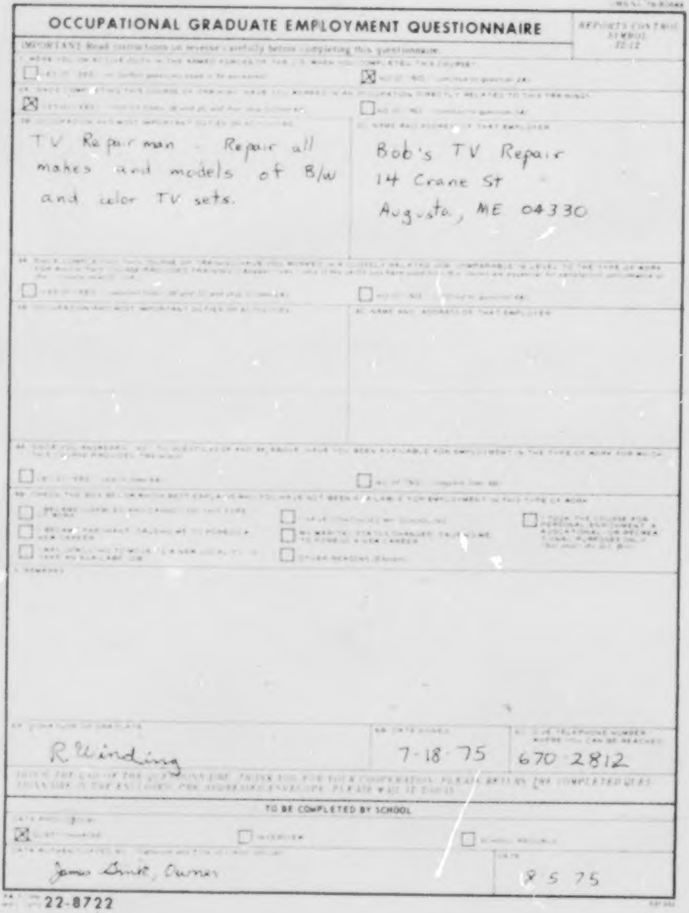
School records show that you completed the following course on the date shown

TITLE OF COURSE (Program)	DATE COMPLETED
TV Service Technician	July 15, 1973

We are required by Public Law 93-508 to obtain information for all persons completing the course identified above. This information will be provided to the State approving agency which approves courses for veterans training under the GI bill. It may also be made available to certain agencies of the Federal government.
THE INFORMATION YOU PROVIDE WILL BE USED FOR STATISTICAL PURPOSES ONLY AND YOU WILL NOT BE IDENTIFIED IN REPORTS PREPARED FROM THESE DATA.

Please provide answers to questions on the other side of this page. The instructions for each question are given below. If your address has changed from the one shown above, please give your new address in item 5 (Remarks).

Question 1	This question is intended to identify only those persons who were on active duty in the Armed Forces of the U.S. at the time they COMPLETED this course. Persons answering "YES" to question 1 should not complete the remainder of the questionnaire but should return it in the enclosed, pre-addressed envelope.
Question 2	This question is intended to identify persons who have worked in the specific occupational category for which the course was designed to provide training.
Question 3	This question is intended to identify persons who have worked in an occupational category of comparable level which is closely related to the occupational category for which the course was designed to provide training. You should answer "YES" only if the skills you have used from this course are essential for satisfactory performance of the "closely related" job. (For example: A keypunch operator is not a closely related job for a computer operator course, a local delivery truck driver is not a closely related job for a large diesel tractor trailer operator course.)
Question 4	This question is intended to identify persons who have not been available for employment in a directly related or closely related occupational category or who have been unwilling to accept a reasonable offer of such employment.



OCCUPATIONAL GRADUATE EMPLOYMENT QUESTIONNAIRE

IMPORTANT Read instructions on reverse carefully before completing this questionnaire.

☐ ☒

☒ ☐

TV Repairman - Repair all makes and models of B/W and color TV sets.

Bob's TV Repair
14 Crane St
Augusta, ME 04330

☐ ☐

☐ ☐

☐ ☐ ☐ ☐ ☐ ☐ ☐

R. Winding

7-18-75

670-2812

TO BE COMPLETED BY SCHOOL

☒ ☐ ☐

James Smit, Owner

8 5 75

22-8722

INSTRUCTIONS FOR THE OCCUPATIONAL GRADUATE EMPLOYMENT REPORT (SCHOOLS)

NOTE: The schools will submit to the State approving agencies employment questionnaire data for individual vocational courses.

LINE 1 - Enter on this line the number of persons who completed or discontinued training in the course during the stated time period. Persons will be identified as having discontinued training if they stopped training during the two year report period without completing the course and had not resumed training by the end of the cited two year period.

LINE 2 - Enter on this line the number of persons included on line 1 who were on active duty in the Armed Forces at the time they completed or discontinued training in this course.

LINE 3 - Enter on this line the difference between the numbers reported on lines 1 and 2.

LINE 4 - Enter on this line the number of persons reported on line 3 above who are in the "discontinued training" category. (Exclude servicemen and servicewomen.)

LINE 5 - Enter on this line the difference between the numbers reported on lines 3 and 4.

LINE 6 - Enter on this line the number of persons to be surveyed. This will be the same as the entry on line 5 unless that number exceeds 300. If the entry on line 5 does exceed 300, the number to be entered on line 6 may be developed in accordance with sampling instructions or the entire number from line 5 may be used.

LINE 7 - Enter on this line the number of persons in the survey (line 6) who were not contacted by the school. (Reasonable efforts must have been made by the school to contact all persons included in the survey.)

LINE 8 - Enter on this line the difference between the numbers on lines 6 and 7.

LINE 9 - Enter on this line the number of persons included on line 6 who did not respond or who refused to provide the requested information. The "no response" category will include persons who presumably were reached through the mail (the questionnaires were not returned as undelivered by the post office) but who did not respond.

LINE 10 - Enter on this line the number of persons included on line 6 who provided the requested information or for whom the necessary information already was available in the school files (line 8 minus line 9).

LINE 11 - This line is to be used only if the response rate attained (line 10 divided by line 8) is less than .55. When this occurs, compute the entry for line 11 by multiplying the entry on line 8 by .55 and rounding to the nearest whole number.

LINE 12 - Enter on this line the number from line 10, except if a larger number is on line 11 enter the number from line 11.

LINE 13 - Enter on this line the number of persons who are to be excluded from the analysis because the response established that the person completing the course has not been available for employment in the type of work for which the course provided training, or has unreasonably refused to accept such employment. In order to exclude a response on this basis it is necessary that the information obtained in the survey clearly establish that the person has not been available for such employment since completing the course or that the person has unreasonably refused offers of such employment. Also, persons who completed the course while receiving VA educational assistance can not be included in Item C. Any exclusions reported on Line 13 will be reported under the applicable reason listed under Line 13. The entry on Line 13 must equal the sum of the entries for those specific reasons. Note: In no instance will more than one reason for exclusion be reported for a person in the survey.

LINE 14 - The entry on this line will be derived by subtracting the entry on line 13 from the entry on line 10 and dividing the difference by the entry on line 10. Multiply the quotient by 100 and round the percent to the nearest 10th of a percent.

LINE 15 - Enter on this line the response base which has been further adjusted by allowing for deletion of exclusions. This computation has the effect of allowing for exclusions among any non-respondent added to the response base in line 12 above, at the same rate that exclusions occurred among the respondents. This entry will be derived by multiplying the entry on line 12 by the entry on line 14 and dividing by 100. Round to the nearest whole number. (Example 1: 145 X 67.6 = 98.)

LINE 16 - Enter on this line the number of respondents who have been employed in the specific occupational category for which the course was designed to provide training.

LINE 17 - Enter on this line the number of respondents who have been employed in a closely related occupational category which requires a high degree of use of skills learned from this course. Respondents will be included in this entry only if the skills used from this course are essential for satisfactory performance of the "closely related" job.

LINE 18 - Enter on this line the percent of respondents employed in the same type of work for which trained. Compute the entry for this line by dividing the entry on line 16 by the entry on line 15 and multiplying the quotient by 100. Round the percent to the nearest 10th of a percent.

LINE 19 - Enter on this line the percent of respondents employed in the same type of work for which trained, or in a closely related type of work. Compute the entry for this line by dividing the sum of the entries on lines 16 and 17 by the entry on line 15 and multiplying the quotient by 100. Round the percent to the nearest 10th of a percent.

EXAMPLE 1

Form Approved
OMB No. 76-R0988

VETERANS ADMINISTRATION

OCCUPATIONAL GRADUATE EMPLOYMENT REPORT (Schools)

REPORTS CONTROL SYMBOL 22-12

IMPORTANT - Read instructions on reverse carefully before completing this Form

NAME AND ADDRESS OF SCHOOL
Automotive Technology, Inc.
417 Main St.
Bel Air, MD 21014

NAME OF COURSE (Program)
Auto Mechanic and
Carburetor Specialty

PERIOD COVERING PERSONS COMPLETING OR DISCONTINUING TRAINING
March 1, 1973 to February 28, 1975

LINE NO	DESCRIPTION	ENTRY	FOR VA USE ONLY CARD COL
1	PERSONS WHO COMPLETED OR DISCONTINUED TRAINING	3200	
2	PERSONS ON ACTIVE DUTY IN THE ARMED FORCES OF THE U.S.	150	
3	REMAINDER (Line 1 minus Line 2)	3050	1-4
4	NUMBER WHO DID NOT COMPLETE COURSE	762	5-8
5	REMAINDER (Line 3 minus Line 4)	2288	
6	PERSONS TO BE SURVEYED (If Line 5 is 300 or less, use Line 5. If Line 5 is greater than 300, sampling may be used)	300	9-11
7	UNABLE TO CONTACT	36	12-14
8	PERSONS CONTACTED (Line 6 minus Line 7)	264	
9	NO RESPONSE (Including refusals)	156	
10	TOTAL RESPONDENTS (Line 8 minus Line 9)	108	15-17
11	MINIMUM ACCEPTABLE RESPONSE FOR PERSONS CONTACTED (Line 8 x .55) (Round to nearest whole number)	145	
12	RESPONSE BASE ADJUSTED FOR RESPONSE RATE (Enter number from Line 10 or Line 11, whichever is greater)	145	18-20
13	EXCLUDED RESPONSES - TOTAL	35	21-22
	a. DISABLED	2	23-24
	b. IN TRAINING	1	25-26
	c. PERSONAL ENRICHMENT, AVOCATIONAL OR RECREATIONAL (Not under G.I. Bill)	2	27-28
	d. PREGNANT	1	29-30
	e. CHANGE IN MARITAL STATUS	4	31-32
	f. UNWILLING TO MOVE TO NEW LOCALITY	10	33-34
	g. OTHER VALID REASONS	15	35-36
14	PERCENT OF RESPONSES REMAINING (Line 10 minus Line 13) divided by Line 10 (Round to nearest tenth of percent)	67.6	
15	RESPONSE BASE FURTHER ADJUSTED FOR EXCLUSIONS (Line 12 x Line 14) (Divided by 100) (Round to nearest whole number)	98	37-39
16	EMPLOYED IN TYPE OF WORK FOR WHICH TRAINED	18	40-42
17	EMPLOYED IN A CLOSELY RELATED TYPE OF WORK WHICH REQUIRES SUBSTANTIAL USAGE OF SKILLS LEARNED IN THIS COURSE	28	43-45
18	PERCENT EMPLOYED IN THE SAME TYPE OF WORK (Line 16 divided by Line 15) (Round to nearest tenth of a percent)	18.4	
19	PERCENT EMPLOYED IN THE SAME OR A CLOSELY RELATED TYPE OF WORK (Line 16 + Line 17, divided by Line 15) (Round to nearest tenth of a percent)	46.9	

SIGNATURE AND TITLE OF SCHOOL OFFICIAL
Sandra Stern, President
DATE
August 15, 1975

CERTIFICATION BY STATE APPROVING AGENCY — This report has been checked and we find that it ☐ Does ☒ Does Not support at least a 50 percent employment level in the same or a closely related type of work for which trained.

SIGNATURE AND TITLE OF STATE AGENCY OFFICIAL
Weston E. Crittin, Consultant
DATE
August 25, 1975

FOR VA USE ONLY ▶ COURSE CODE (CC 46-48) FACILITY CODE (CC 49-56) RO NUMBER (CC 56-57)

VA FORM 22-8723

DVB Circular 20-74-113
Appendix B
Exhibit B (con.)

Example 2

May 12, 1975

Form Approved
OMB No. 76-R0486

VETERANS ADMINISTRATION

OCCUPATIONAL GRADUATE EMPLOYMENT REPORT (Schools)

REPORTS CONTROL SYMBOL 22-12

IMPORTANT—Read instructions on reverse carefully before completing this Form

NAME AND ADDRESS OF SCHOOL
Downeast TV Repair School
5 Winterport Drive
Bangor, ME 04401

NAME OF COURSE (Program)
TV Service Technician

PERIOD COVERING PERSONS COMPLETING OR DISCONTINUING TRAINING
March 1, 1973 TO February 28, 1975

LINE NO.	DESCRIPTION	ENTRY	FOR VA USE ONLY CARD COL.
1	PERSONS WHO COMPLETED OR DISCONTINUED TRAINING	480	
2	PERSONS ON ACTIVE DUTY IN THE ARMED FORCES OF THE U.S.	75	
3	REMAINDER (Line 1 minus Line 2)	405	1-4
4	NUMBER WHO DID NOT COMPLETE COURSE	108	5-8
5	REMAINDER (Line 3 minus Line 4)	297	
6	PERSONS TO BE SURVEYED (If Line 5 is 300 or less, use Line 5. If Line 5 is greater than 300 sampling may be used)	297	9-11
7	UNABLE TO CONTACT	64	12-14
8	PERSONS CONTACTED (Line 6 less Line 7)	233	
9	NO RESPONSE (Including refusals)	48	
10	TOTAL RESPONDENTS (Line 8 less Line 9)	185	15-17
11	MINIMUM ACCEPTABLE RESPONSE FOR PERSONS CONTACTED (Line 8 x .55) (Round to nearest whole number)	128	
12	RESPONSE BASE ADJUSTED FOR RESPONSE RATE (Enter number from line 10 or line 11, whichever is greater)	185	18-20
13	EXCLUDED RESPONSES - TOTAL	24	21-22
	A. DISABLED	1	23-24
	B. IN TRAINING	3	25-26
	C. PERSONAL ENRICHMENT, AVOCATIONAL, OR RECREATIONAL (Not under G.I. Bill)	3	27-28
	D. PREGNANT	6	29-30
	E. CHANGE IN MARITAL STATUS (cannot start new career)	2	31-32
	F. UNWILLING TO MOVE TO NEW LOCALITY	4	33-34
	G. OTHER VALID REASONS	5	35-36
14	PERCENT OF RESPONSES USED (Line 10-Line 13, divided by Line 10) (Round to nearest tenth of a percent)	87.0	
15	RESPONSE BASE FURTHER ADJUSTED FOR EXCLUSIONS (Line 12 x Line 14) (Divided by 100) (Round to nearest whole number)	161	37-39
16	EMPLOYED IN TYPE OF WORK FOR WHICH TRAINED	39	40-42
17	EMPLOYED IN A CLOSELY RELATED TYPE OF WORK WHICH REQUIRES SUBSTANTIAL USAGE OF SKILLS LEARNED IN THIS COURSE	48	43-45
18	PERCENT EMPLOYED IN THE SAME TYPE OF WORK (Line 16 divided by Line 15) (Round to nearest tenth of a percent)	24.2	
19	PERCENT EMPLOYED IN THE SAME OR A CLOSELY RELATED TYPE OF WORK (Line 16 + Line 17, divided by Line 15) (Round to nearest tenth of a percent)	540	

SIGNATURE AND TITLE OF SCHOOL OFFICIAL
James Dinke, Owner

DATE
8-2-75

CERTIFICATION BY STATE APPROVING AGENCY — This report has been checked and we find that it ☒ Does, ☐ Does Not support at least a 50 percent employment level in the same or a closely related type of work for which trained

SIGNATURE AND TITLE OF CERTIFYING OFFICIAL
Larry Anderson, Field Consultant

DATE
August 23 1975

FOR VA USE ONLY ▶ COURSE CODE (CC 46-48) | FACILITY CODE (CC 49-53) | RO NUMBER (CC 54-57)

VA FORM MAY 1975 22-8723

May 12, 1975

DVB Circular 20-74-113
Appendix B
Exhibit C

SELECTION OF GRADUATES TO BE SURVEYED
(LINE 6 OF VA FORM 22-8723)

1. Schools having courses for which the entry on line 5 of VA Form 22-8723 is 300 or less will survey all graduates of such courses (i.e., they will survey the number of students given on line 5 of the report).

2. Schools having courses for which the entry on line 5 of VA Form 22-8723 is greater than 300 will have the option of either surveying all or a sample of the graduates.

a. If the total survey option is elected, then the number given on line 5 will be entered on line 6.

b. If the sampling option is elected, the method used must produce data from which statistically valid and reliable results can be derived.

3. Prior to selection of the sample, the graduates' records must be separately aggregated and/or sequentially numbered (e.g., if the file contains records not to be considered in the survey, the records which are to be considered may be removed to a separate file or they may be numbered as they occur in the file).

4. A table of random numbers [1] may be used to select a simple random sample of 300 graduates from the total number reported on line 5 of VA Form 22-8723. To illustrate the use of this procedure, a sample page of random numbers is attached to this instruction and an illustrative example of its usage is given below:

a. The problem is to select 300 different random numbers whose numeric values range from one to the total number of graduates reported on line 5, VA Form 22-8723. These random numbers will then be associated with records which have been assigned sequence numbers (see paragraph 3) which are equal to the selected random numbers. The 300 graduates thus selected would be sent questionnaires.

b. Steps in this procedure are described and illustrated as follows:

---

[1] Books containing tables of random numbers and a description of their usage generally are available in public libraries.

(1) Establish the total number of graduates from which the selection is to be made. In this example, assume that the number on line 5 of VA Form 22-8723 is 1276.

(2) Establish the number of digits involved in this number. In this example the number is 1276, so the number of digits involved is four.

(3) Pick any arbitrary place on any page of the "book" of random numbers as a starting point. For example, the tenth row in the eleventh column of the sample page of random numbers might be picked as the random starting point (85).

(4) From this starting point, select consecutive groups of numbers equal to the number of digits in the total number of graduates (see subparagraph (2)). For example, the random starting point shows the number 8513. A sequential pick of other four-digit numbers results in the following picks: 9924, 4449, 1809, 7949, 7416, 3223, 0257, 3527, 3372, 2453, 6394, 0941, 1076, 4791, 4404, 9549, 6639, 6004, 5981, 4850, 8654, 4822, 0634, etc. The numbers underlined are to be used for selecting the sample; all the other numbers cited do not fit within the total number (1276) from which the sample is to be drawn, so they will be discarded.

(5) From the random numbers which will be picked to select a sample of 300, exclude "0000", any duplicate numbers, and any numbers higher than the total number of graduates reported on line 5 of VA Form 22-8723. Thus, from the random numbers cited in subparagraph (4) above, only four would be used (257, 941, 1076 and 634).

(6) The process illustrated in subparagraph (4) above would be continued until 300 usable numbers are selected, all of which must be different.

5. The example cited in paragraph 4 above is illustrative only and the schools will not use the attached page of random numbers as a basis for their sample selection. However, the method illustrated is to be used.

SAMPLE OF RANDOM NUMBERS

93 43 69 64 07	34 18 04 52 35	56 27 09 24 86	61 85 53 83 45	19 90 70 99 00
21 96 60 12 99	11 20 99 45 18	48 13 93 55 34	18 37 79 49 90	65 97 38 20 46
95 20 47 97 97	27 37 83 28 71	00 06 41 41 74	45 89 09 39 84	51 67 11 52 49
97 86 21 78 73	10 65 81 92 59	58 76 17 14 97	04 76 62 16 17	17 95 70 45 80
69 92 06 34 13	59 71 74 17 32	27 55 10 24 19	23 71 82 13 74	63 52 52 01 41
93 22 53 64 39	07 10 63 76 35	87 03 04 79 88	08 13 13 85 51	55 34 57 72 69
78 76 58 54 74	92 38 70 96 92	52 06 79 79 45	82 63 18 27 44	69 66 92 19 09
23 68 35 26 00	99 53 93 61 28	52 70 05 48 34	56 65 05 61 86	90 92 10 70 80
15 39 25 70 99	93 86 52 77 65	15 33 59 05 28	22 87 26 07 47	86 96 98 29 06
58 71 96 30 24	18 46 23 34 27	85 13 99 24 44	49 18 09 79 49	74 16 32 23 02
57 35 27 33 72	24 53 63 94 09	41 10 76 47 91	44 04 95 49 66	39 60 04 59 81
48 50 86 54 48	22 06 34 72 52	82 21 15 65 20	33 29 94 71 11	15 91 29 12 03
61 96 48 95 03	07 16 39 33 66	98 56 10 56 79	77 21 30 27 12	90 49 22 23 62
36 93 89 41 26	29 70 83 63 51	99 74 20 52 36	87 09 41 15 09	98 60 16 03 03
18 87 00 42 31	57 90 12 02 07	23 47 37 17 31	54 08 01 88 63	39 41 88 92 10
26 29 13 56 41	85 47 04 66 08	34 72 57 59 13	82 43 80 46 15	38 26 61 70 04
77 80 20 75 82	72 82 32 99 90	63 95 73 76 63	89 73 44 99 05	48 67 26 43 18
46 40 66 44 52	91 36 74 43 53	30 82 13 54 00	78 45 63 98 35	55 03 36 67 68
37 56 08 18 09	77 53 84 46 47	31 91 18 95 58	24 16 74 11 53	44 10 13 85 57
61 65 61 68 66	37 27 47 39 19	84 83 70 07 48	53 21 40 06 71	95 06 79 88 54
22 17 68 65 84	68 95 23 92 35	87 02 22 57 51	61 09 43 95 06	58 24 82 03 47
19 36 27 59 46	13 79 93 37 55	39 77 32 77 09	85 52 05 30 62	47 83 51 62 74
16 77 23 02 77	09 61 87 25 21	28 06 24 25 93	16 71 13 59 78	23 05 47 47 25
78 43 76 71 61	20 44 90 32 64	97 67 63 99 61	46 38 03 93 22	69 81 21 99 21
03 28 28 26 08	73 37 32 04 05	69 30 16 09 05	88 69 58 28 99	35 07 44 75 47
02 89 08 04 49	20 21 14 68 86	87 63 93 95 17	11 29 01 95 80	35 14 97 35 33
87 18 15 89 79	85 43 01 72 73	08 61 74 51 69	89 74 39 82 15	94 51 33 41 67
98 83 71 94 22	59 97 50 99 52	08 52 85 08 40	87 80 61 65 31	91 51 80 32 44
10 08 58 21 66	72 68 49 29 31	89 85 84 46 06	59 73 19 85 23	65 09 29 75 63
47 90 56 10 08	88 02 84 27 83	42 29 72 23 19	66 56 45 65 79	20 71 53 20 25
88 56 53 27 59	33 35 72 67 47	77 34 55 45 70	08 18 27 38 90	16 95 86 70 75
09 72 95 84 29	49 41 31 06 70	42 38 06 45 18	64 84 73 31 65	52 53 37 97 15
12 96 88 17 31	65 19 69 02 83	60 75 86 90 68	24 64 19 35 51	56 61 87 39 12
85 94 57 24 16	92 09 84 38 76	22 00 27 69 83	29 81 94 78 70	21 94 47 90 12
38 64 43 59 98	98 77 87 68 07	91 51 67 62 44	40 98 05 93 78	23 32 65 41 18
22 85 61 68 90	49 64 92 85 44	16 40 12 89 88	50 14 49 81 06	01 82 77 45 12
67 80 43 79 33	12 83 11 41 16	25 58 19 68 70	77 02 54 00 52	53 43 37 15 26
27 62 50 96 72	79 44 61 40 15	14 53 40 65 39	27 31 58 50 28	11 39 03 34 25
33 78 80 87 15	38 30 06 38 21	14 47 47 07 26	54 96 87 53 32	40 36 40 96 76
23 13 92 66 99	47 24 49 57 74	32 25 43 62 17	10 97 11 69 84	99 63 22 32 98
04 31 17 21 56	33 73 99 19 87	26 72 39 27 67	53 77 57 68 93	60 61 97 22 61
61 06 98 03 91	87 14 77 43 96	43 00 65 98 50	45 60 33 01 07	98 99 46 50 47
85 93 85 86 88	72 87 08 62 40	16 06 10 89 20	23 21 34 74 97	76 38 03 29 63
21 74 32 47 45	73 96 07 94 52	09 65 90 77 47	25 76 16 19 33	53 05 70 53 30
15 69 53 82 80	79 96 23 53 10	65 39 07 16 29	45 33 02 43 70	02 87 40 41 45
53 44 09 42 72	00 41 86 79 79	68 47 22 00 20	35 55 31 51 51	00 83 63 22 55
40 76 66 26 84	57 99 99 90 37	36 63 32 08 58	37 40 13 68 97	87 64 81 07 83
02 17 79 18 05	12 59 52 57 02	22 07 90 47 03	28 14 11 30 79	20 69 22 40 98
95 17 82 06 53	31 51 10 96 46	92 06 88 07 77	56 11 50 81 69	40 23 72 51 39
35 76 22 42 92	96 11 83 44 80	34 68 35 48 77	33 42 40 90 60	73 96 53 97 86

DVB Circular 20-74-113
Appendix B
Exhibit D

May 12, 1975

Form Approved

VETERANS ADMINISTRATION

OCCUPATIONAL GRADUATE EMPLOYMENT REPORT (State Approving Agency)

REPORT FOR PERIOD ENDING: September 30, 1975

IMPORTANT Read instructions on reverse carefully before completing this form.

NAME AND ADDRESS OF STATE APPROVING AGENCY SUBMITTING REPORT:
State Department of Education and
Cultural Services
29 Chapel St.
Augusta, ME 04330

REPORT SUBMITTED TO:
Director
Veterans Administration
Togus ME 04330

SECTION A SURVEY INFORMATION

LINE NO.	DESCRIPTION	CURRENT PERIOD	CUMULATIVE SINCE BEGINNING
1	NUMBER OF COURSES REPORTED	25	73
2	80 PERCENT LEVEL CLAIMED	15	46
3	80 PERCENT LEVEL NOT CLAIMED	10	27
4	NUMBER OF SCHOOLS DELINQUENT IN REPORTING	35	
5	COURSES DELINQUENT	53	
6	SURVEYS CERTIFIED TO REGIONAL OFFICE - TOTAL	20	67
7	ACCEPTABLE SCORES	12	50
8	UNACCEPTABLE SCORES	8	17
9	SAA VALIDATION SURVEYS SCHEDULED - TOTAL	5	20
10	NOT YET INITIATED	1	
11	IN PROCESS	2	
12	COMPLETED	2	10
13	CONSISTENT FINDINGS	1	8
14	MODIFIED RATE BUT PASSED	1	1
15	UNACCEPTABLE - LOW SCORE	0	1
16	REJECTED - INVALID PROCEDURE	0	0

SECTION B EMPLOYMENT RATES FOR PERSONS TRAINING IN VOCATIONAL COURSES

(Number of Courses Classified by Percent Employed)

CATEGORY OF COURSE	SAME OR HIGHLY RELATED CATEGORY										
	0-9	10-19	20-29	30-39	40-49	50-59	60-69	70-79	80-89	90-100	TOTAL
TOTAL ALL COURSES				7	10	27	17	6			57
AIR CONDITIONING				1		1	2	1			5
BUSINESS AND COMMERCE				2	4	5	2	2			15
COMPUTER TECHNOLOGY						3	4				7
CONSTRUCTION TRADES					2	5	2	1			10
DRAFTING				1		3	1				5
ELECTRICAL							1				1
ELECTRONIC				2	4	5	2	2			15
HEALTH SERVICES						1	1				2
HEAVY EQUIPMENT OPERATOR				1		2	2				5
MACHINE OPERATOR											
MECHANICS AND REPAIRMEN											
METAL WORKERS											
PROTECTIVE SERVICES (Including Policemen and Firemen)											
SALES (Including Real Estate)						2					2
SERVICE OCCUPATIONS											

NAME AND TITLE OF OFFICIAL SUBMITTING REPORT: Jarry Anderson, field consultant

DATE: 9-30-75

VA FORM MAY 1975 22-8724

INSTRUCTIONS FOR THE OCCUPATIONAL GRADUATE EMPLOYMENT REPORT (SAA)

NOTE. The report will be submitted initially for the period beginning June 1, 1975 and ending July 31, 1975. The report will be due in the Veterans Administration Regional Office by the fifth workday following the end of each month.

SECTION A, SURVEY INFORMATION - Two data columns are shown. Enter in the column headed "Current Period" data applicable to the month being reported except that the initial report will include all applicable data prior to the end of the initial report period. Enter in the column headed "Cumulative Since Beginning" the sum of applicable data reported for the current period and for all periods. Instructions for the line entries in Section A are as follows:

LINE 1 - Enter on this line the number of courses for which survey data have been provided by schools.

LINE 2 - Enter on this line the number of courses for which the school survey claimed a 50 percent (or higher) level of employment in the same or a closely related objective.

LINE 3 - Enter on this line the number of courses for which the school survey claimed less than a 50 percent level of employment in the same or a closely related objective.

LINE 4 - Enter on this line the number of schools which have not submitted survey data covering each of their courses approved for training under chapter 34 or chapter 35. (No data will be reported in the cumulative column.)

LINE 5 - Enter on this line the number of courses for which a survey has not been received by the State approving agency. (No data will be reported in the cumulative column.)

LINE 6 - Enter on this line the number of surveys for individual courses which have been certified by the State approving agency and forwarded to the VARO.

LINE 7 - Enter on this line the number of surveys for which a 50 percent or higher level of employment in the same or closely related objective have been certified.

LINE 8 - Enter on this line the number of surveys for which less than 50 percent level of employment in the same or closely related objective have been certified.

LINE 9 - Enter on this line the number of courses for which the State approving agency has scheduled a validation survey.

LINE 10 - Enter on this line the number of validations scheduled but not yet initiated. (No data will be reported in the cumulative column.)

LINE 11 - Enter on this line the number of validation surveys currently in process. (No date will be reported in the cumulative column.)

LINE 12 - Enter on this line the number of validation surveys which have been completed.

LINE 13 - Enter on this line the number of completed validation surveys in which the State approving agency confirmed the original findings of the school (did not change the claimed percentage employment level in the same or closely related objective).

LINE 14 - Enter on this line the number of completed validation surveys in which the claimed percentage of employment level was modified but confirmed to be 50 percent or higher.

LINE 15 - Enter on this line the number of completed validation surveys which modified the employment level to less than 50 percent or which confirmed the survey finding of less than 50 percent.

LINE 16 - Enter on this line the number of completed validation surveys which reject the findings of the school on the basis of an invalid procedure.

SECTION B, EMPLOYMENT RATES FOR PERSONS TRAINING IN VOCATIONAL COURSES - Report in Section B each survey which has been certified to the regional office, indicating for each course the category of course and the percentage score for that course. For example: A course in auto mechanics which was certified with an employment level of 56 percent would be reported on the line for "mechanics and repairmen" in the column headed "50 - 59". Section B will be reported on a cumulative basis for each report period, adding newly certified courses as they occur.

APPENDIX B

LIST OF COURSE CODES

CONTENTS

CHAPTER 5. PROGRAM OBJECTIVE AND COURSE CODES

PARAGRAPH PAGE

5.01 Program Objective 5-1

5.02 College-Level School Course and Objective Codes 5-1

5.03 Non-College-Degree School Course and Objective Codes 5-11

CHAPTER 5. PROGRAM OBJECTIVE AND COURSE CODES

5.01 PROGRAM OBJECTIVE

This numerical code identifies the final educational, professional or vocational objective of the eligible person.

a. For chapter 31, the code is the six-digit D.O.T. code (from the Dictionary of Occupational Titles).

b. For chapters 34 and 35 OJT and apprenticeship courses, the code is the first three digits of the D.O.T. code.

c. For chapters 34 and 35, [NCD] and IHL, the code is the same as listed under course code.

d. The above codes will be entered on [the appropriate approval information forms (VA Forms 22-1998b, 22-1998c and 22-1998d)] by the Liaison Representative.

5.02 COLLEGE-LEVEL SCHOOL COURSE AND OBJECTIVE CODES

This numerical code identifies the field of study which a veteran or eligible person is currently pursuing (course code); it is also used to identify the final objective of the veteran or eligible person. Individuals enrolled in institutions of higher learning pursuing graduate training (type A) or undergraduate training (type B) will be assigned the appropriate code from this section. Individuals enrolled in institutions of higher learning pursuing technological courses (type C) leading to applied arts or similar degrees requiring less than 4 years of study, and nondegree clock-hour courses where credit is not transferable toward a baccalaureate degree, will use the 200 series codes. Whenever possible, the exact major or specific field of study should be used; e.g., engineering (070), physics (164), sociology (178), etc. If an individual has not selected or designated the major, the appropriate code for the general academic degree may be used.

COLLEGE LEVEL SCHOOL COURSE AND OBJECTIVE CODES

Numerical List

Academic Degrees–Field Not Specified

Undergraduate Only

011 Associate in Arts (Less Than 4 Years)
012 Associate in Science (Less Than 4 Years)
013 Associate Degree, N.E.C.* (Less Than 4 Years)
021 Bachelor of Arts (4 or More Years)
022 Bachelor of Science (4 or More Years)
023 Bachelor's Degree, N.E.C. (4 or More Years)

Graduate Only

031 Master of Arts
032 Master of Sciences
033 Master's Degree, N.E.C.
041 Doctor of Philosophy
042 Doctor's Degree, N.E.C. (Not M.D.)
051 Postdoctoral, N.E.C. (Not M.D.)

Business

060 Business and Commerce
Include: Business Administration, Banking, Marketing, Advertising, Accounting, etc.

Engineering

070 Engineering
Include: Aeronautical, Architectural, Chemical, Civil, Electrical, Mechanical, Metallurgical, etc.

Education

080 Preparation for Teaching
Include: School Administration, Supervision Finance, etc.

Humanities

091 Applied Arts
Include: Commercial Art, Drafting, Decorating, Photography, Design, including Clothing–Industrial Design etc.
092 English and Literature
Include: Journalism
093 Fine Arts
094 Foreign Languages
095 Liberal Arts, N.E.C.
096 Performing Arts
Include: Music, General Theater, and Radio and Television Arts
097 Philosophy
098 Theology

N.E.C.–Not Elsewhere Classified

COLLEGE LEVEL SCHOOL COURSE AND OBJECTIVE CODES
Alphabetical List–(Con.)

091	Topographical Drafting
213	Trades and Industry Technology (Terminal course less than 4 years)
060	Traffic Management
060	Treasurer
060	Underwriter, Insurance
131	Urology
136	Veterinary Medicine (DVM only–pre-veterinary)
080	Vocational Education
080	Vocational Guidance
080	Vocational Teaching
096	Voice (Vocal Music)
209	Warden, Fish or Game
177	Welfare Work, Social
060	Wholesale Management
091	Window Display
091	Window Dressing
092	World Literature or Poetry (English Assoc. Degree)
092	Writing, Creative
096	Writing, Play
096	Writing, Radio Continuity
208	X-ray Technique
120	Zoology
060	Zoo Management

5.03 [NON-COLLEGE-DEGREE] SCHOOL COURSE AND OBJECTIVE CODES

This numerical code identifies the field of study which a veteran or eligible person is currently pursuing (course code); it also is used to identify the final objective of the veteran or eligible person. Individuals enrolled in institutions [non-college-degree] pursuing vocational or technical training (type D or E), farm cooperative training (type H), flight training (type J) will be assigned the appropriate code from this section. Whenever possible, the exact field of study should be used, e.g., Aircraft Metal Work (586), Aircraft Painting (524), Aircraft Mechanics (576), etc. The course codes for on-the-job training (type G) and apprenticeship training (type K) will consist of the first three digits for the appropriate occupational title, as contained in the third edition of the Dictionary of Occupational Titles. Flight training codes are 341 through 347. When coding training taken in high school (type F) or elementary school (type L), course codes 451 and 452 should be used.

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[NON-COLLEGE-DEGREE] SCHOOL COURSE AND OBJECTIVE CODES

Numerical List

Technical Courses

311	Electronic technicians
312	Engineering technicians Include: Aeronautical, civil electrical, industrial, mechanical
313	Medical and related technicians Include: Medical records technician, dental assistant, dental mechanics, dental aide, X-ray technician
314	Other technical courses, N.E.C.* (below college)
315	Legal technician, including Law Clerk

Applied Arts

320	Applied arts, N.E.C.
321	Commercial art Include: Technical illustration
322	Decorating and window display Include: Interior decorating, floral design, scenery design, window display
323	Drafting Include: Architectural, electrical, electronic, mechanical
324	Photography
325	Design Include: Jewelry, flatware design, fashion design
328	Ceramics design (not engineering) Include: Pottery
329	Surveying (below college)

Performing Arts

331	Actors
332	Ballet dancing
333	Musicians
334	Radio and TV broadcasting Include: Announcers, disc jockeys and similar specialities
335	Performing arts, N.E.C.

Flight Training

341	Advanced flight or commercial pilot
342	Airline transport pilot training
343	Glider training
344	Flight instructor course
345	Instrument rating course
346	Multiengine class rating course
347	Other flight training, N.E.C.

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*N.E.C.–*Not Elsewhere Classified*

[NON-COLLEGE-DEGREE] SCHOOL COURSE AND OBJECTIVE CODES

Numerical List–(Con.)

Business and Commerce

421 Accounting
Include: Junior accounting
422 Advertising
Include: Copywriting and public relations
423 Bookkeeping
Include: Banking, business mathematics
424 Computer technology (below college)
Include: Data processing (below college), data programing (below college), business machine operation, electronic business machine operation.
425 Clerical
Include: Typing, filing, office practice
426 Secretarial
Include: Stenography, stenotypy, court reporting
427 Real estate and insurance
Include: Preparatory for brokerage examinations, real estate brokers
428 Salesmanship
Include: Retailing and wholesaling
429 Other business and commerce, N.E.C.

Services

431 Barbering
Include: Beauty culture, wigmaking
432 Custodial service
433 Hotel and motel training
Include: Hotel, cafeteria and restaurant management
434 Laundry and drycleaning
435 Hospital or medical services
Include: Hospital attendants or aides, practical nursing
436 Protective services
Include: Peace officer training, fire protection
437 Airline services
Include: Controller, Dispatcher, Ground crew operation other than mechanics
438 Other services, N.E.C.

Secondary and Elementary Courses

451 Elementary courses
452 Secondary courses
Include: High school completion and college preparation

CRAFTS AND TRADES

Air Conditioning and Refrigeration

510 Air conditioning and refrigeration

[NON-COLLEGE-DEGREE] SCHOOL COURSE AND OBJECTIVE CODES

Numerical List–(Con.)

Construction and related courses

521 Bricklaying
Include: Cement, concrete plastering, tilesetting, stone masonry
522 Cabinetmaking
523 Carpentry
Include: Woodworking
524 Painting
Include: Paperhanging
525 Plumbing
Include: Pipefitting and steamfitting
526 Other construction and related courses

Dressmaking and Tailoring

530 Dressmaking and tailoring
Include: Weaving and sewing machine operation

Electrical

540 Electrical trades
Include: Electricians, electrical appliance repairmen, house wiring, switching and substation operators

Electronic Trades

551 Electronics assembly and installation
Include: Assembly and installation of radar, radio, television, telephone and telegraph
552 Electronics operation
Include: Radar, radio, television, telephone and telegraph operation
553 Electronic and other communication mechanics and repairmen
Include: Radar, radio, television, telephone, telegraph and other communication mechanics and repairmen
554 Other electronic trades, N.E.C.

Food Trades

561 Baking, canning and preserving
562 Dairying
Include: Buttermaking and milk processing
563 Grain processing and packing
Include: Coffee
564 Meat processing
Include: Meatcutting and packing
565 Other food trades

Mechanical Courses

571 Automobile or motor vehicle mechanics and repairmen
Include: Auto body and fender repair, body building, radiator repair, brake repair
572 Diesel and heavy equipment mechanics and repairmen
573 Railroad mechanics and repairmen
575 Optical mechanics

[NON-COLLEGE-DEGREE] SCHOOL COURSE AND OBJECTIVE CODES

Numerical List–(Con.)

Mechanical Courses–(continued)

576 Aircraft Mechanics
577 Mechanical courses, N.E.C.
Include: Farm equipment repair

Metalwork Courses

581 Blacksmithing
Include: Boilermaking, forging, foundry work, welders
582 Engraving, hand and machine
583 Jewelry and watchmaking
Include: Goldsmithing and silversmithing
584 Machinists
Include: Machine shop, tool and diemaking
585 Sheetmetal working
Include: Tinsmith and coppersmithing
586 Metalwork courses, N.E.C.

Printing

590 Printing

Shoemaking and Repair

610 Shoemaking and repair

Other Crafts and Trades, N.E.C.

621 Bookbinding
622 Chemical and related products
623 Glass products
624 Leather and leather products
625 Lumber and lumber products
626 Paper and paper goods
627 Textile manufacturing
628 Tobacco manufacturing
629 Heavy equipment operation
Include: Truckdriver training
631 Upholstering
632 All other crafts and trades, N.E.C.

Other Institutional Courses

911 Agricultural and related courses
912 Marine engineering and navigation
913 Mortuary science
914 Stationary engineer
Include: Power station engineer and custodian engineer training
915 Other institutional courses, N.E.C.

Special Restorative Training Under 38 U.S.C. Ch. 35, Subch. V

999 Special Program

[NON-COLLEGE-DEGREE] SCHOOL COURSE AND OBJECTIVE CODES

Alphabetical List

421	Accounting
421	Accounting, Junior
581	Acetylene Burner Operation
581	Acetylene Welding
331	Actors
341	Advanced Flight or Commercial Pilot
422	Advertising
324	Aerial Photography
323	Aeronautical Drafting
312	Aeronautical Engineering Technicians
347	Aeronautics
422	Agent, Advertising
425	Agent, Claim
425	Agent, Collection
425	Agent, Freight Traffic
911	Agricultural Agent, County
911	Agricultural and Related Courses
428	Agricultural Produce, Salesmanship
911	Agriculture, N.E.C.*
313	Aide, Dental
435	Aids or Attendants, Hospital
573	Air Brake Inspector, Railroad
510	Air-Conditioning
510	Air-Conditioning and Refrigeration
540	Aircraft Electrical Courses
576	Aircraft Engine Mechanics
586	Aircraft, Final Assembly
576	Aircraft Mechanics
586	Aircraft Metal Work
524	Aircraft Painting
554	Aircraft Radio Electricity
437	Airline Dispatcher
437	Airline Hostess
437	Airline Passenger Agent
342	Airline Transport Pilot Training
437	Airplane Inspector
576	Airplane Rigging
437	Airport Controller
437	Airport Control Tower Operation
437	Airport Ground Crew Operation
437	Airport Management
911	Animal Farming
321	Animation
334	Announcers, Radio
911	Apiculture (Beekeeping)
428	Apparel, Salesmanship
540	Appliance Repairmen, Electrical
320	Applied Arts, N.E.C.
427	Appraising, Insurance
427	Appraising, Real Estate
323	Architectural Drafting
335	Arranging, Music
321	Art, Advertising
321	Art, Commercial
320	Arts, Applied, N.E.C.
335	Arts, Performing, N.E.C.
526	Asbestos and Insulation Work
551	Assembly, Radar
313	Assistant, Dental
428	Auctioneer Training
421	Auditing
571	Auto Body Building
571	Automobile Body and Fender Repair
571	Automobile, Mechanics and Repairmen
571	Automobile Mechanics Helper
428	Automotive Retail Sales Management
429	Automotive Service Management
524	Auto Painting
428	Auto Parts, Salesmanship
561	Bakery, Shaping and Forming
561	Baking
332	Ballet Dancing
423	Banking
431	Barbering
625	Barrelmaking, Cooperage
585	Bar Rolling or Sheet Rolling
451	Basic Elementary Courses or Studies
540	Batterymaking
627	Beaming and Warping Occupations
431	Beauty Culture
911	Beekeeping
565	Beverage Brewing
565	Beverage Production, Nonalcoholic
565	Beverages, N.E.C.
915	Bible Institute Study
425	Bill Posting
621	Binding, Book
581	Blacksmithing
581	Blacksmith or Forgeman
571	Body and Fender Repair, Auto
571	Body Building, Auto
577	Boilerfiring, N.E.C.
581	Boilermaking
621	Bookbinding
423	Bookkeeping
424	Bookkeeping-Machine Operation
623	Bottle Manufacture, Glass
626	Box Manufacture, Paper
625	Box Manufacture, Wooden
571	Brakes Repair, Auto
911	Breeding, Silkworm
565	Brewing
521	Brick and Tile, Mill Room Man
521	Bricklaying

*N.E.C. – Not Elsewhere Classified

[NON-COLLEGE-DEGREE] SCHOOL COURSE AND OBJECTIVE CODES

Alphabetical List (Con.)

521	Brick Masonry
334	Broadcasting, Radio and/or TV
427	Brokerage Examination Preparation
427	Brokers, Real Estate
632	Brush or Broom Manufacture
524	Brush Painting
428	Building and Construction Equipment and Supplies, Salesmanship
526	Building Construction, N.E.C.
577	Building Maintenance
432	Building Supervision
629	Bus Driving
429	Business and Commerce, N.E.C.
429	Business Courses, N.E.C.
424	Business-Machine Operation
423	Business Mathematics
562	Buttermaking
632	Button Manufacture
428	Buyer
428	Buyer, Purchasing Agent, N.E.C.
522	Cabinetmaking
540	Cable and Wire, Miscellaneous Operations
577	Cable Line Operation
433	Cafeteria Management
424	Calculating Machine Operation
577	Camera Repair
438	Camp Director
565	Candymaking
577	Can, Jar, etc., Capping Machine Operation
577	Can, Jar, etc., Filling Machine Operation
561	Canning and Preserving
561	Canning, Food Trades
530	Canvas Products
577	Capping Machine Operation
526	Car Building
627	Card Tending (Textiles)
573	Car Inspector, Railroad
573	Carman, Railroad
523	Carpentry
523	Carpentry, Aircraft
523	Carpentry, Construction
523	Carpentry, Molding or Planning
523	Carpentry, Ship
523	Carpentry, Stage
432	Carpetlaying
321	Cartooning
523	Carving or Shaping, Carpentry
590	Casemaking Machine Operator
425	Cashiering, Supermarket
631	Casket Trimming
583	Casting, Jewelry
521	Cement
521	Cement and Concrete Finishing, N.E.C.
521	Cement Construction, Rigger
553	Central Office Repairman, Telephone
328	Ceramics Design (not Engineering)
329	Chainman, Rodman, Surveying
425	Checker Clerk
622	Chemical and Related Products
313	Chiropractor
628	Cigarmaking
312	Civil Engineering Technicians
915	Civil Service Preparation, N.E.C.
427	Claims Investigator, Insurance
610	Cleaning and Finishing, Shoe
434	Cleaning, Laundry and Dry
425	Clerical
425	Clerical and Office Training, N.E.C.
425	Clerical, Printing and Publishing
425	Clerical, Transportation
425	Clerk, Checker
423	Clerk, Cost
425	Clerk, Financial Institution
425	Clerk, General Industry
425	Clerk, General Office
433	Clerk, Hotel and Restaurant Service
425	Clerk, Insurance
425	Clerk, Inventory
315	Clerk, Law
425	Clerk, Mail (Clerical)
425	Clerk, Material
915	Clerk, Post Office
425	Clerk, Printing and Publishing
428	Clerk, Sales
425	Clerk, Schedule
425	Clerk, Statistical
425	Clerk, Stock
425	Clerk, Traffic Rate
425	Clerk, Weigher
325	Clothing Design
622	Coal and Petroleum Products
563	Coffee Processing
425	Collection Agent
429	Collection Management
452	College Preparatory Courses, N.E.C.
551	Combination Man, Telephone
429	Commerce and Business, N.E.C.
321	Commercial Art
565	Commercial Cooking
323	Commercial Drafting
428	Commercial Equipment and Supplies, Salesmanship
324	Commercial Photography
341	Commercial Pilot

[NON-COLLEGE-DEGREE] SCHOOL COURSE AND OBJECTIVE CODES

Alphabetical List–(Con.)

554	Communication and Utilities
553	Communication, Mechanics and Repairmen, N.E.C.
526	Composition Floor Laying
421	Comptroller
424	Computer Technology
521	Concrete
521	Concrete and Cement Finishing
521	Concrete, Cement, etc., Products, N.E.C.
521	Concrete Mixing Machine Operation
565	Confections, Manufacture of, General
526	Construction and Related Courses, N.E.C.
526	Construction, Building
523	Construction, Carpentry
323	Construction, Drafting
524	Construction, Painting
575	Contact Lens Molding
437	Controller, Airline
311	Control Room Operation
437	Control Tower Operation, Airport
565	Cook Helper
565	Cook, Marine
565	Cooking, Commercial
625	Cooperage, Barrelmaking
585	Coppersmithing
422	Copywriting
581	Coremaking, Foundry
314	Correspondent, News
622	Cosmetics, Manufacture
431	Cosmetology
421	Cost Accounting
423	Cost Clerk
325	Costume Design
627	Cotton Classer
610	Counter Molding, Shoe
344	Course, Flight Instructor
911	Courses, Agricultural and Related Courses
526	Courses, Construction and Related, N.E.C.
451	Courses, Elementary
577	Courses, Mechanical, N.E.C.
586	Courses, Metalwork, N.E.C.
915	Courses, Other Institutional, N.E.C.
452	Courses, Secondary
426	Court Reporting
632	Crafts and Trades, N.E.C.
629	Crane Operator
431	Culture, Beauty
581	Cupola Tending, Foundry
432	Custodial Service
914	Custodian Engineer Training
432	Custodian, School
624	Cutting, Glove
610	Cutting, Hand or Machine, Shoe
521	Cutting, Hand, Stone
564	Cutting, Meat
590	Cylinder Press Operation
562	Dairying
911	Dairy Farmhand
911	Dairy Farming
562	Dairy Products, General Production of
562	Dairy Products, Processing of
332	Dancing, Ballet
424	Data Processing
424	Data Programing
322	Decorating and Painting
322	Decorating and Window Display
322	Decorating, Interior
632	Deep Sea Diving
581	Deep Sea Welding
313	Dental Aide
313	Dental Assistant
313	Dental Mechanics
610	Design and Patternmaking, Shoe
328	Design, Ceramic
325	Design, Clothing
325	Design, Costume
325	Design, Fashion
325	Design, Flatware
322	Design, Floral
325	Design, Furniture
325	Design, Industrial
325	Design, Jewelry
325	Design, Memorial Stonework
325	Design, N.E.C.
325	Design, Pattern
328	Design, Pottery
322	Design, Scenery
321	Design, Sign
320	Design, Tool and Die
584	Diemaking
572	Diesel and Gas Engines, N.E.C.
572	Diesel Mechanics and Repairmen
438	Director, Camp

[NON-COLLEGE-DEGREE] SCHOOL COURSE AND OBJECTIVE CODES

Alphabetical List—(Con.)

334	Disc Jockeys
437	Dispatcher, Airlines
322	Display, Window
632	Diving, Deep Sea
438	Domestic and Personal Services, N.E.C.
561	Dough Mixer
323	Drafting
323	Drafting, Aeronautical
323	Drafting, Architectural
323	Drafting, Commercial
323	Drafting, Construction
323	Drafting, Electrical
323	Drafting, Electronic
323	Drafting, Map
323	Drafting, Marine
323	Drafting, Mechanical
331	Drama, Radio
331	Dramatic Reader
432	Drapery Installation
530	Dressmaking
530	Dressmaking, Tailoring and Weaving
584	Drill Press Operation
577	Drilling, Machine, General
622	Drilling, Rotary
629	Driver Training, Truck
622	Drugs, Manufacture
434	Drycleaning
627	Dyeing, Textiles
586	Electric Furnace Operation
540	Electric and Household Appliance Repair
629	Electric Truck Operation
581	Electric Welding
311	Electrical and Electronic Fundamentals
540	Electrical Appliance Manufacture
540	Electrical Appliance Repairmen
540	Electrical Course, N.E.C.
540	Electrical Courses, Aircraft
540	Electrical Courses, Ship
323	Electrical Drafting
312	Electrical Engineering Technicians
540	Electrical Equipment Maintenance
540	Electrical Equipment Repair
540	Electrical Machine Manufacture
540	Electrical Meter Repair
540	Electrical Motor Repair
540	Electrical Service and Repair
540	Electrical Trades, N.E.C.
540	Electricians
554	Electricity, Radio, Aircraft
554	Electricity, Radio, Ship
311	Electron Tubes and Circuits
551	Electronics Assembly and Installation
552	Electronics Operation
424	Electronic Business Machine Operation
323	Electronic Drafting
553	Electronic Mechanics and Repairmen
311	Electronic Technicians
554	Electronic Trades, N.E.C.
586	Electroplating
313	Electrotherapy
552	Electrotype Operation
451	Elementary Courses
577	Elevator Installation
577	Elevator Repair
913	Embalming
913	Embalming and Undertaking
584	Engine Lathe Operator
576	Engine Mechanics, Aircraft
571	Engine Mechanics, Hydromatic
914	Engineer, Hoisting
914	Engineer, Power Station
510	Engineer, Refrigeration
914	Engineer, Stationary
510	Engineer, Ventilating
912	Engineering, Marine
312	Engineering Technicians, Aeronautical
312	Engineering Technicians, Civil
312	Engineering Technicians, Electrical
312	Engineering Technicians, Industrial
312	Engineering Technicians, Mechanical
312	Engineering Technicians, N.E.C.
582	Engraving, Hand and Machine
582	Engraving, Jewelry
582	Engraving-Machine Operation, General
582	Engraving-Machine Operator, Textiles
590	Engraving, Printing
582	Engraving, Rubber
425	Estimating, Printing and Publishing
915	Estimating, Specification
425	Expeditor Clerk
432	Exterminator, Insect
622	Fabricated Plastic Products
530	Fabricated Textile Products, N.E.C.
312	Factory Layout (Industrial Engineering Technician)
577	Factory Maintenance Man
428	Farm and Garden Supplies, Salesmanship
911	Farmhand, Animal
911	Farmhand, Animal or Livestock
911	Farmhand, Dairy
911	Farmhand, Livestock
911	Farm Management
577	Farm Mechanics

[NON-COLLEGE-DEGREE] SCHOOL COURSE AND OBJECTIVE CODES

Alphabetical List–(Con.)

577	Farm Mechanics and Machinery
911	Farming, Animal
911	Farming, Dairy
911	Farming, Fruit
911	Farming, Fur
911	Farming, Livestock
325	Fashion Design
571	Fender and Body Repair, Auto
911	Fieldman, Dairy
425	Filing
577	Filling Machine, Can, Jar, etc
577	Filter Plant Operator, Water
586	Final Assembler, Aircraft
425	Financial Institution Clerk
436	Fingerprint Classification
623	Finishing and Polishing, Glass
436	Fireman Training
436	Fire Protection
577	Firing, Boiler, N.E.C
436	Fish or Game Warden Training
911	Fishery
581	Flame Cutting and Welding
325	Flatware Design
341	Flight, Advanced
344	Flight Instructor Course
347	Flight Training, N.E.C
526	Floor Laying, Composition
523	Floor Laying, Wood
428	Floor Management, Retail
523	Floor Sanding
322	Floral Design
428	Flowers, Salesmanship
561	Food Preserving and Packing
561	Food Processing, Preserving and Packing
565	Food Products
428	Foodstuff, Salesmanship
565	Food Trades
581	Forging, Metalwork
581	Forgeman or Blacksmith, N.E.C.
581	Forging Press Operation
581	Foundry Work
625	Framing, Picture
425	Freight Traffic Agent
911	Fruit Farmhand
911	Fruit Farming
530	Fur Cutting and Making
911	Fur Farming
530	Fur Goods, Production
625	Furniture Assembly
325	Furniture Design
524	Furniture Finish, Painting
625	Furniture Manufacture
428	Furniture, Salesmanship
572	Gas and Diesel Engines, N.E.C.
577	Gas Maintenance
622	Gas Producing
581	Gas Welding
583	Gemology
911	General Agriculture
425	General Industry Clerk
425	General Office Clerk
425	General Office Practice
335	General Theater
623	Glass Bending
623	Glassblowing and Forming
623	Glass Bottle Manufacture
623	Glass Finishing
526	Glass Installation
623	Glass Polishing
623	Glass Products, N.E.C.
343	Glider Training
624	Glove Cutting
622	Gluemaking
583	Goldsmithing
626	Goods, Paper
915	Government Service, Postal
563	Grain Processing and Packing
563	Grain Mill Products
911	Greenhouse Worker
584	Grinding-Machine Operation
577	Gunsmith Course
581	Hammersmith, Machine
582	Hand Engraving
321	Hand Etching
590	Hand Typesetting
314	Handwriting Analysis
428	Hardware, Salesmanship
624	Harnessmaking
530	Hat Finishing
584	Header Setup Operation, Die Setting
577	Heating Equipment Mechanics
572	Heavy Equipment Mechanics and Repairmen
629	Heavy Equipment Operation
911	Herdsman
452	High School Studies, N.E.C.
914	Hoisting Engineer
584	Honing or Lapping Machine Operation
435	Hospital Attendents or Aides
435	Hospital or Medical Services
435	Hospital Services

[NON-COLLEGE-DEGREE] SCHOOL COURSE AND OBJECTIVE CODES

Alphabetical List–(Con.)

433	Hotel and Motel Training
433	Hotel and Restaurant Service, N.E.C.
433	Hotel or Restaurant Stewardship
433	Hotel Housekeeper Course
433	Hotel Management
526	Housebuilder
432	Household Service
433	Housekeeper, Hotel Course
540	Housewiring
571	Hydromatic Engine Mechanics
321	Illustration, Technical
632	Industrial Courses, N.E.C.
320	Industrial Design
312	Industrial Engineering Technicians
622	Inkmaking
432	Insect Extermination
575	Inspecting, Optical Goods
624	Inspecting or Checking, Leather Manufacture
573	Inspector, Airbrake
576	Inspector, Airplane
573	Inspector, Car, Railroad
573	Inspector, Railroad
436	Inspector, Safety
435	Inspector, Sanitary
551	Installation, Radar
551	Installation, Telephone and Telegraph
551	Installation, Television
915	Institutional Courses, Other, N.E.C.
344	Instructor Course, Flight
329	Instrument Man, Surveying
632	Instrument Manufacturing, Musical
576	Instrument Mechanic, Aircraft
345	Instrument Rating Course
577	Instrument Repair, Musical
526	Insulation
427	Insurance
427	Insurance Appraising
425	Insurance Clerk
322	Interior Decorating
425	Inventory Clerk
586	Ironworking Ornamental
586	Ironworking, Shop
432	Janitor
432	Janitor Service
583	Jewelry
325	Jewelry Design
583	Jewelry and Watch Repair
583	Jewelry Casting
583	Jewelry Diemaking
582	Jewelry Engraving
583	Jewelry Finish
583	Jewelry Making, N.E.C.
583	Jewelry Making and Repair, N.E.C.
583	Jewelry Spinning
584	Job Setter, Machine Shop
334	Jockeys, Disc
421	Junior Accounting
632	Kiln Operation, Pottery
625	Kiln Operation, Wood
625	Kiln Tending, Furniture
627	Knitting Machine Operation
324	Laboratory, Photographic
313	Laboratory Technician, Medical
314	Laboratory Technician, N.E.C.
313	Laboratory Technician, Oxygen Therapy Equipment
313	Laboratory Technician, Pharmaceutical
313	Laboratory Technician, X-ray
320	Landscaping
584	Lapping or Honing Machine Operation
610	Last Repair, Shoe
610	Lasting, Hand, Shoe
610	Lasting, Machine, Shoe
434	Laundry
434	Laundry and Drycleaning
315	Law Clerk
436	Law Enforcement
432	Laying Carpets or Linoleum
526	Laying Floors, Composition
523	Laying Floors, Wood
312	Layout, Factory (Industrial Engineering Technician)
632	Layout, Signs
622	Leasemen, Petroleum
624	Leather and Leather Products
624	Leather Graining
624	Leather Manufacture, Inspecting or Checking
315	Legal Technician
575	Lens, Contact, Molding
575	Lens Grinding
554	Linemen, Power
432	Linoleum Laying
590	Linotype Operation
590	Lithograph Press Operation
590	Lithograph Printing
911	Livestock Farming
586	Locker Assembly
577	Locksmith Course
627	Loom Fixing
428	Lumber and Building Supply, Sales Management
625	Lumber and Lumber Products
625	Lumber Trade, N.E.C.

[NON-COLLEGE-DEGREE] SCHOOL COURSE AND OBJECTIVE CODES

Alphabetical List—(Con.)

563	Macaroni and Related Products
577	Machine Adjusting, Miscellaneous
584	Machine Assembly, General
577	Machine Drilling, General
582	Machine Engraving
584	Machine Layout
540	Machine Manufacture, Electrical
424	Machine Operation, Business or Electronic
324	Machine Operation, Photographic
584	Machine Shop
590	Machine Type Casting
577	Machinery Oiling
584	Machinists
540	Magnet Winding
425	Mail Clerk (Clerical)
577	Maintenance, Building
577	Maintenance, Factory
577	Maintenance, Gas
577	Maintenance Mechanic, General
437	Management, Airport
433	Management, Cafeteria
429	Management, Credit and Collection
911	Management, Farm
433	Management, Hotel
428	Management, Merchandise
433	Management, Restaurant
428	Management, Retail Stores
428	Management, Sales and Distribution
428	Management, Sales, N.E.C.
438	Management, Service, N.E.C.
436	Management, Traffic
431	Manicuring
622	Manufacture of Drugs and Cosmetics, N.E.C.
632	Manufacturing, Miscellaneous, N.E.C.
627	Manufacturing, Textile
628	Manufacturing, Tobacco
323	Map Drafting
565	Marine Cook
323	Marine Drafting
912	Marine Engineering and Navigation
552	Marine Radio Operation
428	Marketing
521	Masonry, Brick
526	Masonry, General
521	Masonry, Stone
313	Massage
425	Material Clerk
423	Mathematics, Business
564	Meat Cutting
564	Meat Dressing
564	Meat Processing and Packing
564	Meat Stuffing, Sausage
320	Mechanical Arts, N.E.C.
577	Mechanical Courses, N.E.C.
313	Mechanical Dentistry
323	Mechanical Drafting
312	Mechanical Engineering Technicians
571	Mechanic Helper, Automobile
576	Mechanics, Aircraft Engine
576	Mechanics, Aircraft
576	Mechanics, Aircraft Instrument
577	Mechanics and Repair, N.E.C.
571	Mechanics and Repairmen, Automobile
572	Mechanics and Repairmen, Diesel
572	Mechanics and Repairmen, Heavy Equipment
571	Mechanics and Repairmen, Motor Vehicle
553	Mechanics and Repairmen, Other Communications
573	Mechanics and Repairmen, Railroad
313	Mechanics, Dental
572	Mechanics, Diesel and Gas Engines
577	Mechanics, Farm
577	Mechanics, Heating Equipment
577	Mechanics, Maintenance, General
575	Mechanics, Optical
577	Mechanics, Precision Instrument
572	Mechanics, Tractor
572	Mechanics, Truck
313	Medical Records Technician
313	Medical and Related Technicians
435	Medical Services
428	Medical Supplies, Salesmanship
586	Metalwork Courses, N.E.C.
586	Metalwork, Aircraft
586	Metalwork, Ship
586	Metalwork, Structural and Ornamental, N.E.C.
540	Meter Repair, Electrical
562	Milk Processing
530	Millinery
325	Millinery, Design
584	Milling Machine Operation
521	Millroom Man, Brick and Tile
577	Millwright Machine
632	Miscellaneous Manufacturing, N.E.C.
577	Miscellaneous Repair
335	Modeling, Photographic
586	Modelmaking, Patternmaking (except paper)
632	Moldmaking (Clay)
581	Molding, Foundry
523	Molding or Planning, Carpentry
590	Monotype Operation
913	Mortuary Science

[NON-COLLEGE-DEGREE] SCHOOL COURSE AND OBJECTIVE CODES

Alphabetical List–(Con.)

433	Motel and Hotel Training
335	Motion Picture Production
324	Motion Picture Projection
577	Motorcycle Repair
526	Motor Grader Operation
540	Motor Repair, Electrical
571	Motor Vehicle Mechanics and Repairmen
428	Motor Vehicles and Supplies, Salesmanship
346	Multiengine Class Rating Course
632	Musical Instrument Manufacture
577	Musical Instrument Repair
333	Musicians
912	Navigation, Marine
912	Navigation and Seamanship, N.E.C.
540	Neon Sign Service
627	Netmaking
314	News Correspondent
324	Newspaper Photography
911	Nurseryman
435	Nursing, Practical
425	Office Clerk
425	Office Practice
424	Office Machine Operation
577	Office Machine Service or Repair
429	Office Management, N.E.C.
590	Offset Press Operation
577	Oiling Machinery
629	Operation, Heavy Equipment
530	Operation, Sewing Machine
437	Operator, Airport Control Tower
311	Operation, Control Room
914	Operating Engineer, N.E.C.
540	Operators, Substation
575	Optical Goods Inspector
623	Optical Goods Manufacture
575	Optical Mechanics
313	Optician
632	Organ Tuning
584	Ornamental and Structural Metal Work, N.E.C.
584	Ornamental Iron-Template Making
584	Ornamental Iron Working
314	Other Courses, Technical, N.E.C.
915	Other Institutional Courses, N.E.C.
438	Other Services, N.E.C.
565	Packing and Processing, Food
563	Packing and Processing, Grain
564	Packing and Processing, Meat
622	Paint Mixing
622	Paint Production
524	Painter, Brush
524	Painter, Spray
524	Painting, Aircraft
524	Painting, Auto
322	Painting and Decorating
524	Painting, Furniture Finish
524	Painting, N.E.C., Construction
524	Painting, Ship
321	Painting, Sign
590	Pantograph Machine Operation
626	Paper and Paper Goods
626	Paper and Pulp Production
626	Paper Box Manufacture
626	Paper Goods Manufacture
524	Paper Hanging
437	Passenger Agent, Airline
586	Patternmaking and Modelmaking (except paper)
325	Pattern Design
581	Pattern Layout, Foundry
627	Patternmaking, Textile
423	Paymaster
551	PBX Installer
436	Peace Officer Training
335	Performing Arts, N.E.C.
438	Personal Service, N.E.C.
622	Petroleum, N.E.C.
622	Petroleum and Coal Products
622	Petroleum Leaseman
622	Petroleum Process Laborer
622	Petroleum Refining
622	Petroleum Refining, Testing
313	Pharmaceutical Laboratory Technique
551	Phonograph and Radio Manufacture
590	Photocomposing Machine Operator
590	Photo Engraving
324	Photographic Laboratory
324	Photographic Machine Operation
335	Photographic Modeling
324	Photography
324	Photography, Aerial
324	Photography, Commercial
324	Photography, Newspaper
324	Photostat Operation
632	Piano Tuning
625	Picture Framing
526	Pile Driver Operation
341	Pilot, Commercial
342	Pilot Training, Airline Transport
525	Pipefitting
584	Planer Operator, Machine
523	Planing or Molding, Carpentry
521	Plastering
622	Plastic Products, Fabricated

[NON-COLLEGE-DEGREE] SCHOOL COURSE AND OBJECTIVE CODES

Alphabetical List – (Con.)

622	Plastics, N.E.C.
590	Platen Press Operation
525	Plumbing
525	Plumbing and Pipefitting
436	Policeman
586	Polishing and Buffing, Metal Work
623	Polishing and Finishing, Glass
521	Polishing, Stone
915	Post Office Clerk
915	Postal, Government Service
915	Postman
328	Pottery Design
632	Pottery Forming
632	Pottery, Kiln Operation
911	Poultry Expert
540	Power Laborer
554	Power Lineman
629	Power Shovel Operation
914	Power Station Engineer
540	Power Substation Operator
435	Practical Nursing
577	Precision Instrument Mechanics
427	Preparatory for Brokerage Examinations
561	Preserving and Canning
561	Preserving, Food Trades
590	Press Feeding
590	Pressman, Printing, N.E.C.
590	Printing, N.E.C.
428	Printing Equipment and Supplies, Salesmanship
425	Printing or Publishing Clerk
590	Printing Pressman, N.E.C.
590	Printing Process Laborer
428	Printing, Salesmanship
436	Probation Officer
563	Processing and Packing, Grain
622	Process Labor, Petroleum
590	Process Laborer, Printing
429	Production Management
530	Production of Fur Goods
335	Production of Motion Pictures
622	Products, Chemical
623	Products, Glass
624	Products, Leather
625	Products, Lumber
334	Program Production, Radio
424	Programing, Data
324	Projection, Motion Picture
632	Prosthetic Appliance Manufacture
436	Protection, Fire
436	Protective Services
422	Public Relations
590	Publishing
626	Pulp Production, Paper
585	Punch Press Operation
428	Purchasing Agent
551	Radar Assembly
551	Radar Assembly and Installation
552	Radar Operation
551	Radar Installation
571	Radiator Repair, Auto
551	Radio and Phonograph Manufacture
311	Radio and/or Television Engineering (Electronics Technician)
553	Radio and/or Television Mechanics
334	Radio Announcers
551	Radio Assembly and Installation
428	Radio Broadcast Service, Salesmanship
334	Radio Broadcast Technique
334	Radio Continuity Writing
334	Radio Drama
554	Radio Electricity, Aircraft
554	Radio Electricity, Ship
311	Radio Engineering (Electronic Technicians)
551	Radio Installation
553	Radio Mechanics
552	Radio Operation
552	Radio Operation Marine
334	Radio Program Production
553	Radio Repairmen
552	Radio Telegraph Operation
573	Railroad Inspector
573	Railroad Mechanics and Repairmen
425	Railroad Schedulemaker
425	Railroad Station Agent
552	Railroad Telegraph Operation
345	Rating Course, Instrument
346	Rating Course, Multiengine
622	Rayon Spinning
331	Reader, Dramatic
427	Real Estate
427	Real Estate Appraising
427	Real Estate Brokers
427	Real Estate and Insurance
427	Real Estate Management
428	Real Estate Salesmanship
313	Records Technician, Medical
438	Recreation Executive
627	Reedmaking
622	Refining, Petroleum
510	Refrigeration
510	Refrigeration and Air Conditioning
510	Refrigeration Service

[NON-COLLEGE-DEGREE] SCHOOL COURSE AND OBJECTIVE CODES

Alphabetical List–(Con.)

422	Relations, Public
915	Religious Institute Study
577	Repair, Camera
577	Repair, Elevator
577	Repair, Miscellaneous
610	Repair, Shoe
583	Repair, Watch and Jewelry
540	Repairmen, Electrical Appliance
572	Repairmen for Heavy Equipment
573	Repairmen, Railroad
553	Repeater Technician, Telephone
334	Reporter, News Radio
314	Reporter, Newspaper
426	Reporting, Court
433	Restaurant Management
428	Retailing
428	Retail Apparel Sales Management
428	Retail Store Management
521	Rigger, Cement Construction
576	Rigging, Airplane
521	Rock Drilling, Slate
526	Roofing Work
622	Rotary Drilling
590	Rotogravure Process
425	Route Supervisor
622	Rubber Compounding (Tire)
582	Rubber Engraving
622	Rubber Products, N.E.C.
622	Rubber Stampmaking
530	Rug Repair
624	Saddlemaking
436	Safety Inspector
428	Sales and Distribution Management
428	Sales Clerk
428	Sales Management, Automotive Retail
428	Sales Management, Lumber and Building Supply
428	Sales Management, Retail Apparel
428	Sales Management, Sales and Distribution
428	Sales Management, Wholesale
428	Salesmanship (All Subjects)
428	Sales Promotion
521	Sandblasting, Stonework
523	Sanding, Construction
435	Sanitary Inspector
564	Sausage Stuffing
584	Saw Filing
523	Sawyer, Construction
322	Scenery Design
425	Schedule Clerk
425	Schedulemaker, Railroad
432	School Custodian
913	Science, Mortuary
912	Seamanship, N.E.C.
452	Secondary Courses
432	Service, Custodial
426	Secretarial
911	Seed Sorting
540	Service and Repair, Electrical
432	Service, Household
432	Service, Janitor
429	Service, Management
435	Services, Hospital
435	Services, Medical
438	Services, Other, N.E.C.
436	Services, Protective
530	Sewing Machine Operation
610	Sewing or Stitching Machine, Shoe
432	Sexton
561	Shaping or Forming, Bakery
523	Shaping or Carving, Carpentry
585	Sheetmetal Working
585	Sheet or Bar Rolling
523	Ship Carpentry
540	Ship Electrical Courses
586	Ship Metalwork
524	Ship Painting
525	Ship Plumbing and Pipefitting
554	Ship Radio Electricity
610	Shoe Cleaning and Finishing
610	Shoe Cutting, Hand
610	Shoe Cutting, Machine
610	Shoe Design and Patternmaking
610	Shoe Lasting, Hand
610	Shoe Lasting, Machine
610	Shoemaking and Repair
610	Shoe Trimmer
622	Shooter, Petroleum
584	Shop, Machine
428	Shopper
335	Showman
321	Sign Design
321	Sign Painting
540	Sign Service, Neon
321	Signwriting, Hand
632	Signs, Layout
911	Silkworm, Breeding
583	Silversmithing
521	Slate, Rock Drilling
586	Small Parts Assembly
622	Soapmaking
581	Soldering
999	Special Program, Chapter 35

[NON-COLLEGE-DEGREE] SCHOOL COURSE AND OBJECTIVE CODES

Alphabetical List–(Con.)

583	Spinning, Jewelry
622	Spinning, Rayon
627	Spinning, Textile
428	Sporting Goods, Salesmanship
524	Spray Painting
523	Stage Carpentry
425	Station Agent, Railroad
914	Stationary Boiler Firing
914	Stationary Engineer
425	Statistical Clerk
525	Steamfitting
586	Steelworking, Structural
426	Stenography
426	Stenotypy
590	Stereotyping
433	Steward, Hotel or Restaurant
610	Stitching or Sewing Machine, Shoe
429	Stock or Bond Broker
428	Stock or Bond Salesmanship
425	Stock Clerk
425	Stockman Training, Supermarket
425	Stock Supervisor
632	Stone and Clay, N.E.C.
521	Stonecutting, Hand
521	Stone Masonry
521	Stone Polishing
521	Stone Work, Sand Blasting
540	Storage Battery Repair
428	Store Management, Retail
586	Structural and Ornamental Metal Work
586	Structural Steel Working
564	Stuffing, Sausage
540	Substation Operators
425	Supermarket Cashiering
425	Supermarket Stockman Training
429	Supervision, Building
329	Surveying
329	Surveying, Chainman, Rodman
329	Surveying, Instrument Man
540	Switching
540	Switching and Substation Operators
424	Tabulating Machine Operation
314	Technical Courses, Other, N.E.C.
321	Technical Illustration
311	Technicians Electronic
312	Technicians, Engineering, N.E.C.
315	Technician, Legal
313	Technician, Medical Records
313	Technician, X-ray
334	Technicians, Radio Broadcast
424	Technology, Computer
530	Tailoring
530	Tailoring, Dressmaking and Weaving
584	Tapping or Threading Machine, Drill Press
421	Tax Accounting
551	Telegraph Assembly and Installation
552	Telegraph Operation
424	Telegraphic Typewriter Operation
551	Telephone Assembly and Installation
553	Telephone Mechanics and Repairmen
551	Telephone Installation
552	Telephone Operation
551	Television Assembly and Installation
311	Television Engineering
551	Television Installation
553	Television Mechanics and Repairmen
552	Television Operation
586	Templatemaking, Ornamental Iron
622	Testing, Petroleum Refining
530	Textile Cutting, Hand
530	Textile Cutting, Machine
627	Textile Dyeing
530	Textile Fabricated Products, N.E.C.
627	Textile Manufacturing
627	Textile Patternmaking
335	Theater, General
429	Theater Management
313	Therapy, Occupational
313	Therapy, Physical
521	Tilesetting
585	Tinsmithing
622	Tire Building
622	Tire Curing
622	Tire Finish and Repair
628	Tobacco Manufacturing
628	Tobacco Products, N.E.C.
584	Tool and Die Making
584	Tool Filing Occupations
584	Tool Grinding, Shop
323	Topographical Drafting
632	Toy Manufacture
572	Tractor Mechanic
632	Trades and Crafts, N.E.C.
632	Trades and Industrial Courses, N.E.C.
540	Trades, Electrical
554	Trades, Electronic
565	Trades, Food
436	Traffic Management
425	Traffic Rate Clerk
342	Training, Airline Transport Pilot
914	Training, Custodian Engineer
347	Training, Flight, N.E.C.

[NON-COLLEGE-DEGREE] SCHOOL COURSE AND OBJECTIVE CODES

Alphabetical List—(Con.)

343	Training, Glider
433	Training, Hotel and Motel
436	Training, Peace Officer
629	Training, Truckdriver
342	Transport Pilot Training, Airline
423	Treasurer
610	Trimming, Boot and Shoe
629	Truckdriver Training
572	Truck Mechanics
581	Tumbler Operation, Foundry
526	Tunnel Building
584	Turret Lathe Operation
590	Typecasting, Machine
590	Typesetting
590	Typesetting, Hand
425	Typing
913	Undertaking
581	Underwater Welding
427	Underwriter, Insurance
631	Upholstering
554	Utilities and Communication
622	Varnishmaking
632	Venetian Blind Assembly
510	Ventilating Engineer
333	Voice (Music)
438	Waiter
438	Waitress
436	Warden, Fish or Game
627	Warping and Beaming Occupations
577	Washing Machine Repair
583	Watchmaking
583	Watch Repair
577	Water-Softening Service
629	Water Transportation
530	Weaving
590	Webb Press Operation
425	Weigher Clerk
581	Welding and Flame Cutting, N.E.C.
581	Welding, Acetylene
581	Welding, Combination
581	Welding, Electric
581	Welding, Gas
581	Welding, Underwater and Deep Sea
581	Welders
438	Welfare Work
915	West Point Preparatory
428	Wholesaling
431	Wigmaking
627	Winder Operation, Textiles
322	Window Display
322	Window Dressing
540	Wire and Cable, Miscellaneous
586	Wire and Wire Products
540	Wiring, House
625	Wood and Wood Products, N.E.C.
625	Wooden Box Manufacture
625	Wooden Lastmaking
523	Woodworking
523	Woodworking-Machine Operation
581	Work, Foundry
585	Working, Sheetmetal
335	Writing, Play
334	Writing, Radio Continuity
540	X-ray Machine Service and Repair
313	X-ray Technician
429	Zoo Management

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RESULTS OF GAO REVIEW ON THE IMPLEMENTATION OF CERTAIN PROVISIONS OF THE VIETNAM ERA VETERANS' READJUSTMENT ASSISTANCE ACT OF 1974 (PUBLIC LAW 93-508)

A REPORT

OF THE

GENERAL ACCOUNTING OFFICE

SUBMITTED TO THE

COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE

Vance Hartke, *Chairman*

SEPTEMBER 17, 1976

Printed for the use of the Committee on Veterans' Affairs

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LETTER OF TRANSMITTAL

COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

September 17, 1976

B-178741

The Honorable Vance Hartke
Chairman, Committee on Veterans' Affairs
United States Senate

Dear Mr. Chairman:

In your April 24, 1975, letter you requested that we determine whether the Veterans Administration (VA), State approving agencies, and participating schools were properly implementing certain provisions of the Vietnam Era Veterans' Readjustment Assistance Act of 1974, (Public Law 93-508)--specifically the 50 percent employment rule, the 85 percent enrollment rule, and the course character and advertising provisions.

We selected 13 schools for review--7 correspondence schools, 4 vocational/technical schools, and 2 flight schools. As you requested, we chose (1) correspondence schools which were the subject of our previous review of certain provisions of the Vietnam Era Veterans' Readjustment Assistance Act of 1972, (Public Law 92-540) 1/, (2) vocational/technical schools providing resident training, and (3) flight training schools. We selected these schools also because they had a variety of vocational courses and large veteran enrollment. We selected one course for review at each school. In general, these courses had a large veteran enrollment.

As discussed below and in the enclosure, we noted deficiencies in all provisions reviewed which limited VA's assurances that the act was being properly implemented. Since neither the 13 schools nor the 13 courses reviewed were statistically selected, the deficiencies noted cannot be considered representative of all courses affected by the act. However, because the deficiencies were due mostly to inadequate VA policy and guidelines the following may be common deficiencies:

--Some VA regional offices and State approving agencies did not process the schools' employment survey reports for the 50 percent rule as required.

1/Follow-up Work on Veterans Taking Correspondence Training (B-114859, June 5, 1974).

They did not always (1) identify all schools and courses for which survey reports were required, (2) adhere to prescribed timeframes for processing reports, and (3) verify the mathematical accuracy of data on the reports. Also, the validity of several schools' surveys and their reporting was questionable.

--There was no clear definition of a VA subsidized student for purposes of computing the 85:15 ratio. Also, school officials were not certain whether it was their responsibility to make the ratio calculation and retain documentation to indicate their compliance with the rule.

--VA had no acceptable standard for determining whether a course was avocational or recreational, and in fact, the survey form seemed to discourage veterans from indicating that a course they took was for personal enrichment, avocational or recreational reasons. Also, neither VA nor State agencies systematically reviewed school advertising.

During our review, we discussed our findings with VA officials and in some instances corrective action was taken. We are recommending additional actions in this report to provide further assurance that the four provisions of the act discussed above are effectively implemented.

As discussed with your office, formal comments were not obtained from VA. However, this report has been discussed with VA officials, and their comments have been included as appropriate.

Also, as discussed with your office, copies of the report are being sent to the Administrator of Veterans Affairs, other Congressional Committees, Members of Congress, and other interested parties.

Sincerely yours,

ACTING Comptroller General
of the United States

Enclosure

RESULTS OF GAO REVIEW ON THE IMPLEMENTATION OF CERTAIN PROVISIONS OF THE VIETNAM ERA VETERANS' READJUSTMENT ASSISTANCE ACT OF 1974 (PUBLIC LAW 93-508)

BACKGROUND

In the past, it was indicated that vocational schools were (1) catering primarily to VA subsidized students, (2) using false and misleading advertising to coax students to enroll, and (3) providing low quality instruction. Because of these indications, Public Law 93-508, December 3, 1974, provided that the VA Administrator shall not approve the enrollment of a veteran in any vocational course (1) unless it is shown that at least one-half of the graduates of that course have been employed in a field related to their training, (2) in which more than 85 percent of the students are having any part of their tuition subsidized by the VA or the school, (3) which is avocational or recreational in nature, or (4) offered by an institution that utilizes deceptive or misleading advertising. VA is responsible for implementing the act.

To determine whether VA was complying with the above provisions of the act, we made a review at the VA central office, Washington, D.C., and at 7 VA regional offices, 8 State approving agencies, and 13 schools in Florida, Georgia, Illinois, Indiana, Maryland, Ohio, and Washington, D.C. Seven of the schools were correspondence schools, four were resident vocational schools, and two were flight schools.

The 13 schools selected for review offered a wide range of courses with vocational training in electronics, computer technology, accounting, truck driving, barbering, air conditioning/refrigeration, hotel/motel management, automobile repair, and aircraft operation. We selected one course for review at each of the 13 schools. In general, each course had a large veteran enrollment.

At these sites we interviewed officials and reviewed policies, regulations, procedures, reports and records. Also, we telephoned a sample of the graduates from each school we visited to verify the accuracy of information on the students as reported by the schools.

THE 50 PERCENT EMPLOYMENT RULE

Sections 203(1) and 207(1) of the act (amending respectively, sections 1673(a)(2) and 1723(a)(2) of title 38 U.S.C.) provided:

> The Administrator shall not approve the enrollment of an eligible person in any sales or sales management course which does not provide specialized training within a specific vocational field, or in any other course with a vocational objective, unless the eligible person or the institution offering such course "submits justification showing that at least one-half of the persons who completed such course over the preceding two-year period, and who are not unavailable for employment, have been employed in the occupational category for which the course was designed to provide training (but in computing the number of persons who completed such course over any such two-year period, there shall not be included the number of persons who completed such course with assistance under this title while serving on active duty)..." (The 50 percent employment rule)

VA is responsible for implementing the 50 percent employment rule; however, to do so it sought the help of State approving agencies and subject schools. The schools were to survey the graduates of each course during a 2-year period to gather employment information. Usually the graduates were furnished a VA-developed questionnaire (see appendix I) to complete and return to the school. The schools were required to summarize the responses for each course and report them to the appropriate State agency. (See appendix II).

The State approving agencies were to review the survey results submitted by the schools, approve or disapprove the courses, and forward the information to the appropriate VA regional office. VA contracted with the State agencies (generally a unit of the State Office of Education or a separate State training agency under contract with VA) to inspect, approve, and supervise schools and courses for training of eligible persons under the education program authorized by 38 U.S.C. 1651 et seq. (G.I. Bill). The regional offices were instructed by the Administrator to suspend enrollments in all non-complying courses.

Implementation of survey by regional offices and State agencies

Requirements

Regions received survey instructions from the VA central office for distribution to State agencies and schools by June 2, 1975. The regions were to maintain contact with the State agencies during the survey and the reporting stages to help resolve questions or problems. When a survey report for any course was delinquent or showed that the 50-percent requirement was not met, further enrollment of VA trainees in that course was not to be allowed by VA until the State agency certified that the 50 percent employment rule had been met.

Regions were responsible for reviewing the State agency and school records on a spot check basis to assure compliance with survey instructions. The State agencies were also responsible for reviewing all survey reports for mathematical accuracy and compliance with prescribed procedures.

Schools and courses requiring a survey not identified

In five of the seven areas that we reviewed, regional offices and their State approving agencies did not coordinate with each other to identify all schools and courses subject to the 50 percent employment survey requirements. Without this information they had no assurance that the affected schools conducted the survey for each of their courses.

As an example, one State agency was unable to identify all courses for which surveys were delinquent because it did not have a complete list of courses subject to the surveys. In processing surveys, the State agency used a directory of schools to account for survey reports received. When one or more reports were received from a school, State agency officials placed a check mark beside the school's name in the directory. The school names reported to the regional offices in December 1975 as having delinquent surveys were those believed to be subject to the 50 percent rule and not having a check mark recorded in the directory. This processing method was not a reliable check on schools with more than one course subject to a survey. In that case, if there was a check mark beside the school's name in the directory, that school was considered to be in compliance even if it had not submitted all of its required surveys.

The regional office could not rely on the State's report since courses for which surveys were delinquent were not identified, and the region could not develop better data itself because it also did not have a complete listing of the courses.

Two regional offices' lists of schools and courses subject to the 50 percent employment rule did not agree with those of State agencies. For example, one regional office claimed to have 40 schools and 194 courses in its jurisdiction while the respective State agency claimed to have 36 schools and 180 courses.

In another case, a regional office provided us with a list of 426 schools subject to the 50 percent placement requirement. The State agency list had the names of 353 schools. Our review showed that there were schools on the region's list which were not on the State agency's list and vice versa. Another regional office could identify the schools and courses for vocational/technical, flight and correspondence institutions, however, it could not identify courses at institutions of higher learning that were subject to the requirement.

We also found that two VA regional offices sent employment survey instructions to all schools in their jurisdiction without regard to whether the schools were subject to the requirement.

When we discussed the problems cited above with VA central office officials, we suggested that the VA revise the survey instructions to require regional offices and State agencies to jointly identify schools and courses subject to the requirement. The officials agreed that such coordination was needed and revised the survey instructions accordingly.

Processing dates not adhered to

Va required that schools that were subject to the 50 percent rule survey their graduates and report the results to the appropriate State agency by July 1, 1975. However, if this was not possible, the schools could request an extension from the State agency to November 1, 1975. When a request for an extension or survey results was not received by July 1, 1975, the State agency was to notify the VA regional office and new enrollments were to be suspended for the courses involved. State agencies and the VA were to take similar action if survey reports were not received by November 1, 1975. VA gave State agencies until December 1, 1975, to review the survey results submitted by the schools, approve or disapprove the courses, and forward the information to the regional offices. The regional offices were to take immediate action to suspend enrollments for courses which did not meet the criteria.

In four regions the processing dates were not adhered to. A blanket extension to November 1, 1975, was granted to all schools, State agencies did not forward the surveys to the VA by December 1, 1975, or the regional offices did not take immediate action when data was received to suspend enrollment in courses which did not meet the criteria.

In one region the State agency gave a blanket extension to all schools whether they requested it or not. Furthermore, it did not notify the regional office of the surveys that were delinquent until early December 1975. The extent is unclear to which the regional office contributed to or concurred with the blanket extension and with omitting the reporting of delinquent surveys at November 1, 1975. A State agency official told us that regional office officials actually sugggested the blanket extension and were in agreement that the State agency did not have to report any overdue surveys until December 1, 1975, after their processing was completed. However, the official was unable to furnish documentation to this effect. VA regional office officials stated that they had been unable to prevent the State agency's actions because they had no real supervisory authority over the State agency. VA regional office officials told us that they were not informed until November that the backlog of work at the State agency had prevented any reporting until December 1975.

VA officials in another region told us that they were not notified of those schools which had neither submitted an employment survey by July 1, 1975, nor requested an extension to November 1, 1975. According to these officials, the regional office conducted a telephone survey of the schools in their jurisdiction in late July 1975, because (1) so few schools responded by July 1, 1975, (2) the State agency had a heavy workload, and (3) attendance was poor at the State agency's workshops where school responsibilities were discussed. The purpose of the telephone survey was to remind the schools of their responsibilities under Public Law 93-508 and to ask them if they wanted an extension to November 1, 1975, to submit their employment survey. The regional officials said that the telephone survey resulted in their granting the blanket extension to all schools in their jurisdiction.

A third regional office, with the concurrence of the VA central office, granted an extension to all schools until November 1, 1975. The extension was granted because the State agency did not inform the region of those schools which failed to submit survey results or request an extension by July 1, 1975. The State agency did not report any surveys as delinquent because it assumed that all of the schools would request the extension. In addition, the State agency representative for vocational course accreditation retired July 1, 1975, and was not replaced until August 30, 1975.

At a fourth region, the State agency reported to the VA the schools that did not submit the survey results or request an extension by July 1, 1975. However, the State agency did not submit information on the remaining schools until January 14, 1976, because it was verifying all survey forms submitted by the schools. In addition, the regional office did not take action to suspend enrollments in any courses based on the information received on January 14, 1976, because the VA did not have a complete list of affected courses (as discussed on page 3). Instead, the regional office requested the State agency to provide a list of courses not meeting the 50 percent placement requirement. This list was received by the regional office on February 18, 1976.

Inadequate review of survey reports by State agencies

At each region visited we reviewed a sample of the survey reports submitted by the State agency for mathematical accuracy and compliance with survey instructions. At three regional offices we found few or no errors. However, at four regions we found numerous errors ranging from 20.8 percent to 45.7 percent. The number and type of errors indicated that no more than a marginal review of the reports was made by the State agencies prior to their submission to the regional offices.

For example, at one region we randomly selected 175 of the 1,229 survey reports and noted errors in 80 or 45.7 percent of these as follows:

--6 reports contained only mathematical errors.

--40 reports did not include graduates over a 2-year period as required. In 27 reports the survey period was omitted completely; in 9 reports the survey period exceeded 2 years; and in 4 reports the survey period was less than 2 years.

--6 reports contained only procedural errors by the State agency. In 5 cases it failed to approve or disapprove the course. In the other case, the State agency disapproved the course when it should have been approved.

--28 reports contained a combination of the errors described above.

We discussed with officials of State agencies the problems that they had in accomplishing their review of survey results. One official said he was not aware of the high error rates. He said he tried to check for mathematical accuracy and compliance with required survey procedures, but the processing of the employment surveys was an additional burden for which the agency was not authorized additional staff. He said that his staff was not familiar with compliance work and had to learn as they went.

Officials of other State agencies summarized the problems they had as follows:

--Not enough time. The July 1, 1975, deadline was unrealistic since the survey instructions were not distributed to the schools until June 1975.

--Not enough staff to administer the program and conduct an in-depth review of survey results. One agency had to hire additional clerical help.

Implementation of survey at selected schools

Requirements

Schools were required to survey the graduates of each vocational course which was currently approved or for which approval was being sought under the provisions of the G.I. Bill. For each course, they were to identify those persons who had completed or had discontinued training during a designated 2-year period. From these, the schools were to eliminate those persons who discontinued or completed their training while in the armed forces. The remaining graduates were to be in the survey unless the course had in excess of 300 graduates. If there were in excess of 300 graduates, a school had the option to select a random sample of 300. Schools were required to send out VA questionnaires to graduates unless the school could verify that it already maintained employment experience data on at least 75 percent of these people. The school used either the questionnaire responses or their own records to complete the survey reports for each applicable course.

Problems experienced by schools with survey instructions

At each of the 13 schools we made a detailed review of their compliance with the survey procedures. Each of the courses reviewed had been certified by a State agency as having met the 50 percent rule. Our review showed that survey results were questionable because several of these schools used invalid survey procedures.

Two schools did not survey all the appropriate people. For example, one school surveyed 51 people, and our review showed that 85 persons should have been surveyed. Another school surveyed 18 when 27 should have been surveyed.

One school used an incorrect basis for determining the survey population. It used the date students finished paying for their courses as the graduation date. As a result, some people who completed their courses as early as 1970, but who did not make their final payment until the survey period, were included in the survey. Conversely, some people who completed their courses and passed their final exam during the survey period were not surveyed because they had not fully paid for their courses during the period.

We also noted that schools classified questionnaire responses inconsistently. Some accepted student responses as presented, while others reclassified them. Some schools believed that the graduate was in the best position to judge whether his or her work was directly or closely related to training received, so they accepted the graduate's judgment without regard to conflicting information that might be on the questionnaire.

The educational director at another school informed us that he had personally reviewed and interpreted every graduate response received in the survey and had classified them based on his judgment of the overall theme of the responses. The director said that although there were no VA instructions on the interpretation of responses, he believed that he had to reclassify some of them because many of the respondents' classifications did not seem reasonable.

We discussed the problems cited above with VA central office officials and suggested that the VA improve guidelines for classifying graduates and interpreting questionnaire responses. VA officials agreed and revised the instructions accordingly.

Conclusions

The 50 percent employment rule has not been properly implemented. Therefore, VA has not had information needed to determine whether vocational training courses have been of sufficient quality to warrant approval for veteran enrollment.

Recommendations to the VA Administrator

To help insure proper implementation of the 50 percent employment rule, we recommend that the Administrator urge the VA regional offices and State agencies to perform their assigned functions in processing school employment surveys including:

--processing the forms in a timely manner and

--reviewing the forms to detect errors and omissions in the surveys.

THE 85 PERCENT ENROLLMENT RULE

Section 203(3) of the act provides:

--"The Administrator shall not approve the enrollment of any eligible veteran, not already enrolled, in any course (other than one offered pursuant to subchapter V or subchapter VI of this chapter) which does not lead to a standard college degree and which is offered by a proprietary profit or proprietary nonprofit educational institution for any period during which the Administrator finds that more than 85 percentum

> of the students enrolled in the course are having all or part of their tuition, fees, or other charges paid to or for them by the educational institution or the Veterans' Administration..." (The 85 percent enrollment rule).

To implement the 85 percent enrollment rule VA required the affected schools to certify, when each new veteran enrolled, that the veteran/non-veteran ratio for that course was not in excess of 85:15. In addition, VA compliance surveys by regional offices determine whether the 85:15 ratio was being exceeded. State agencies have no responsibilities for implementing this rule.

Confusion over the definition of a VA subsidized student

None of the 13 courses we reviewed appeared to be in violation of the 85 percent enrollment rule. However, three schools had used what appeared to be questionable criteria in determining VA subsidized students for calculating the 85:15 percent ratio.

For example, one correspondence school defined a VA subsidized student as one for whom lessons had been certified to VA for payment. Veterans who were newly enrolled and had not yet had lessons certified to VA would be counted as non-subsidized under the school's definition. School officials told us that a lag of up to 4 months could occur before a newly enrolled veteran would have lessons certified to VA and be counted as a VA subsidized student. The school's definition of a VA subsidized student was based on its interpretation of the description of such students in Public Law 93-508 as "having all or part of their tuition, fees, or other charges paid to or for them by the educational institution or the Veterans' Administration..." School officials believed that until the school had certified one or more lessons to VA for payment, the student had not actually had anything "paid" by the VA, and there was no assurance that he ever would.

Another correspondence school classified students as VA subsidized only during the period that they received VA benefits. Students with only enough VA eligibility to cover part of their tuition were counted as being VA subsidized only as long as they received VA benefits. When such benefits were exhausted, they were counted as non-VA subsidized for computing the 85:15 ratio.

The school also considered students who have completed a course and received VA benefits for the full tuition as currently enrolled non-veterans if they had not yet paid all of their tuition to the school.

For flight schools, VA requires a daily flight record be maintained, which clearly shows the number of hours of flight instruction or the charges for the instruction given to VA and non-VA students. A flight school cannot enroll a veteran if the total hours of veteran instruction or charges in approved courses during the 30 day period immediately preceding the date the veteran enrolls exceeded 85 percent of the total hours or charges for all students for that course.

At one flight school the hours flown were recorded on the log either as part VA subsidized and part non-VA subsidized, depending upon how the students indicated they planned to pay--whether they would certify the hours to VA for payment or pay for the flight instruction on their own.

We discussed the above situations with VA central office officials, and as a result, VA's office of general counsel is presently working on a definition of a VA subsidized student to be used in calculating the 85:15 ratio.

Need to clarify schools' responsibilities regarding calculations of ratio

Four schools had not, each time new veterans were enrolled, calculated their course enrollment to assure compliance with the 85 percent enrollment rule. Officials of all four schools told us that they were aware that they were certifying compliance with the rule without making the calculation, nonetheless, they were sure their courses met the requirement and did not consider it necessary to calculate and document the ratio. VA officials told us that there is no current requirement for schools to document the ratio calculation.

Conclusions

VA has not properly implemented the 85 percent enrollment rule because it has not fully defined (1) a VA subsidized student or (2) a school's responsibilities in calculating the 85:15 ratio and retaining documentation to support its compliance with that rule.

Recommendations to the VA Administrator

To help insure adequate implementation of the 85 percent enrollment rule, we recommend that the Administrator define:

--a VA subsidized student for purposes of calculating the ratio of veterans to non-veterans.

--a school's responsibility for making the ratio calculations and documenting their compliance with the rule.

COURSE CHARACTER AND ADVERTISING PROVISIONS

Sections 203(2) and 207(2) of the act amended 38 U.S.C. sections 1673 (a)(3) and 1723 (a)(3) to provide that the Administrator shall not approve the enrollment of an eligible person in any type of course which the Administrator determines to be avocational or recreational in nature or the advertising for which he believes contains significant avocational or recreational themes. This type of course will be approved only if the eligible person submits justification that the course will be of bona-fide use in the pursuit of his present or contemplated business or occupation. (The course character provision).

In addition Section 212 (a) of the act provides:

> --"The Administrator shall not approve the enrollment of an eligible veteran or eligible person in any course offered by an institution which utilizes advertising, sales, or enrollment practices of any type which are erroneous, deceptive, or misleading either by actual statement, omission, or intimation." (The advertising provision).

Implementation of the course character and advertising provisions

Requirements

On the survey form (see appendix I) graduates indicating they were unavailable for employment were asked why. One of the possible answers was "I took the course for personal enrichment, avocational, or recreational purposes only (not under the G.I. Bill)." According to survey instructions, if VA feels that a significant number of respondents gave this answer, VA was to contact the school, and the school was to prove that the course was not avocational or recreational.

To implement the advertising provisions VA entered into a formal agreement with the Federal Trade Commission (FTC). Under certain circumstances VA was to refer advertising material to the FTC which was considered erroneous, deceptive, or misleading. The FTC was to conduct an investigation, when necessary, and decide whether the advertising, sales, and enrollment practices in question were actually erroneous, deceptive, or misleading.

VA's determination of whether a course is avocational or recreational

We reviewed the employment survey forms for each of the 13 courses and noted that in one course, 177 of the 364 questionnaire respondents stated they took the course for personal enrichment, avocational, or recreational reasons. As of September 1976, 8 months after the survey report was received, the regional office had taken no action to require the school to prove the course was not avocational or recreational. When we telephoned a sample of graduates from the course to verify their responses, we found an additional 19 graduates from a sample of 44 who had intially responded in another questionnaire category, who took the course for personal enrichment, avocational, or recreational reasons. Thus, over half of the graduates took the course for such reasons.

In our opinion, the phrase, "not under the G.I. Bill" cautions recipients of G.I. Bill benefits to choose one of the other responses on the questionnaire. This in turn will understate the personal enrichment, avocational or recreational response and overstate other responses.

We discussed our observations with VA central office officials who said that the VA had no established standard for determining whether a course is avocational or recreational. We suggested that it establish a standard. VA revised its instructions so that if 50 percent of the persons surveyed indicate on the questionnaire that they took the course for avocational or recreational purposes, the school would be required to prove that the course was not avocational or recreational in nature. We did not agree with this revision and believe that VA should consider the number of questionnaire respondents rather than the number of persons surveyed. VA officials agreed to reconsider their criterion for judging when a course should be considered avocational or recreational.

We also discussed with VA our opinion that the phrase "Not under the G.I. Bill" encourages veterans to respond in a category other than "Personal Enrichment, Avocational, or Recreational." In accordance with our suggestion, VA revised the form to omit the parenthetical expression.

Avocational and recreational themes in advertising

At each of the 13 schools visited, we verified the accuracy of advertising claims regarding:

- --the size or experience of the school,
- --the school's affiliation with well-known companies or training programs,
- --the availability of expert instructors, guest lecturers, or teaching aids,
- --availability of school placement services,
- --employment opportunities or expected earnings, and
- --success of former students in finding related employment.

We also reviewed all advertising material for avocational or recreational themes. Of the 13 courses, we noted only one that had avocational and recreational themes in some of its advertising.

This advertising had the following phrases--

> "why pay repair bills, when you can learn to fix your own car at home, in your spare time" and "30 lesson tune-up course is a basic repair course that will save you a lot on your car upkeep."

We discussed with the school and VA central office officials the advertisements containing avocational and recreational themes, and the school officials agreed to change the advertisements. VA officials said they were aware of the particular school and course advertisements and were taking steps to have them corrected.

Need for systematic review of school advertising

Regional and State agency officials said they would object to misleading claims or significant avocational or recreational themes which they identified while reviewing advertising. However, neither regional nor State agency officials had a continuing program to collect and review schools' advertising. They said that, in general, action was taken when the regional office or the State agency received complaints from students about advertising or they otherwise became aware of questionable advertising matter.

VA central office officials recognized that this was a problem, but they told us that they had no plans to correct it.

Conclusions

We believe that VA has not adequately implemented the course character and advertising provisions. This belief is supported by the following:

--VA had no standard to determine what percentage of responses indicated that a course was avocational or recreational. As a result of our review, survey instructions were revised to indicate that the nature of a course was personal enrichment, avocational, or recreational when 50 percent or more of the persons to be surveyed indicated that they took the course for one of those reasons. We do not agree with this revision. It would be more meaningful to base a percentage on the number of persons responding to the questionnaire. Also, we believe that 50 percent may be too high a standard.

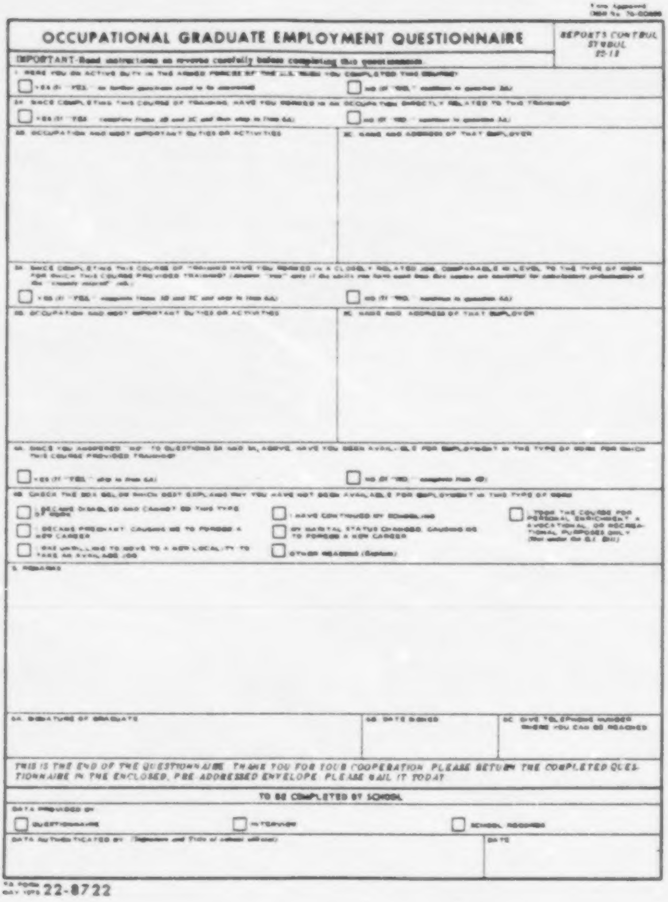
--VA did not have a system to collect, review, and analyze advertising material, so it could not adequately identify which advertising should be referred to the FTC.

Recommendations to the VA Administrator

To help insure adequate implementation of the course character and advertising provisions of the act, we recommend that the Administrator:

--Determine whether (1) a course is avocational or recreational on the basis of the number of questionnaire respondents rather than on the number of persons surveyed and (2) a lower percentage for the standard is more reasonable.

--Establish procedures to systematically collect, review, and analyze advertising material to facilitate monitoring of school advertising.



Form Approved
OMB No. 76-R0688

OCCUPATIONAL GRADUATE EMPLOYMENT QUESTIONNAIRE

REPORTS CONTROL SYMBOL 22-13

IMPORTANT-Read instructions on reverse carefully before completing this questionnaire.

1. WERE YOU ON ACTIVE DUTY IN THE ARMED FORCES OF THE U.S. WHEN YOU COMPLETED THIS COURSE?

☐ YES (If "YES," no further questions need to be answered) ☐ NO (If "NO," continue to question 2A)

2A. SINCE COMPLETING THIS COURSE OF TRAINING, HAVE YOU WORKED IN AN OCCUPATION DIRECTLY RELATED TO THIS TRAINING?

☐ YES (If "YES," complete Items 2B and 2C and then skip to Item 6A) ☐ NO (If "NO," continue to question 3A)

2B. OCCUPATION AND MOST IMPORTANT DUTIES OR ACTIVITIES

2C. NAME AND ADDRESS OF THAT EMPLOYER

3A. SINCE COMPLETING THIS COURSE OF TRAINING HAVE YOU WORKED IN A CLOSELY RELATED JOB, COMPARABLE IN LEVEL TO THE TYPE OF WORK FOR WHICH THIS COURSE PROVIDED TRAINING?

☐ YES (If "YES," complete Items 3B and 3C and skip to Item 6A) ☐ NO (If "NO," continue to question 4A)

3B. OCCUPATION AND MOST IMPORTANT DUTIES OR ACTIVITIES

3C. NAME AND ADDRESS OF THAT EMPLOYER

4A. SINCE YOU ANSWERED "NO" TO QUESTIONS 2A AND 3A, ABOVE, HAVE YOU BEEN AVAILABLE FOR EMPLOYMENT IN THE TYPE OF WORK FOR WHICH THIS COURSE PROVIDED TRAINING?

☐ YES (If "YES," skip to Item 6A) ☐ NO (If "NO," complete Item 4B)

4B. CHECK THE BOX BELOW WHICH BEST EXPLAINS WHY YOU HAVE NOT BEEN AVAILABLE FOR EMPLOYMENT IN THIS TYPE OF WORK

☐ I BECAME DISABLED AND CANNOT DO THIS TYPE OF WORK
☐ I BECAME PREGNANT, CAUSING ME TO FOREGO A NEW CAREER
☐ I WAS UNWILLING TO MOVE TO A NEW LOCALITY TO TAKE AN AVAILABLE JOB
☐ I HAVE CONTINUED MY SCHOOLING
☐ MY MARITAL STATUS CHANGED, CAUSING ME TO FOREGO A NEW CAREER
☐ OTHER REASONS (Explain)
☐ I TOOK THE COURSE FOR PERSONAL ENRICHMENT, A AVOCATIONAL, OR RECREATIONAL PURPOSES ONLY (Not under the G.I. Bill)

5. REMARKS

6A. SIGNATURE OF GRADUATE	6B. DATE SIGNED	6C. GIVE TELEPHONE NUMBER WHERE YOU CAN BE REACHED

THIS IS THE END OF THE QUESTIONNAIRE. THANK YOU FOR YOUR COOPERATION. PLEASE RETURN THE COMPLETED QUESTIONNAIRE IN THE ENCLOSED, PRE-ADDRESSED ENVELOPE. PLEASE MAIL IT TODAY.

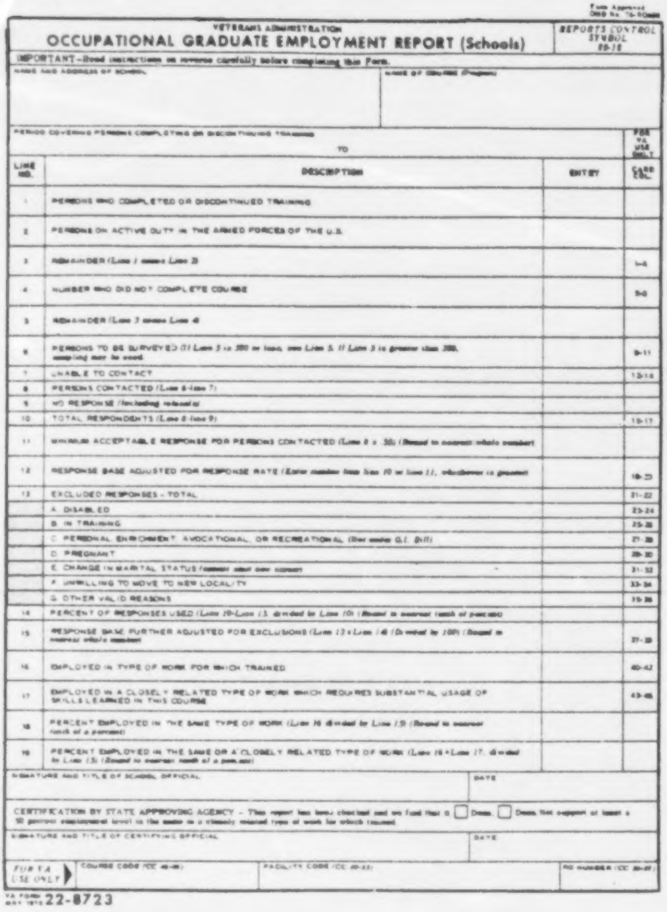
TO BE COMPLETED BY SCHOOL

DATA PROVIDED BY

☐ QUESTIONNAIRE ☐ INTERVIEW ☐ SCHOOL RECORDS

DATA AUTHENTICATED BY (Signature and Title of school official)	DATE

VA FORM 22-8722
MAY 1975



Form Approved
OMB No. 76-R[illegible]

VETERANS ADMINISTRATION

OCCUPATIONAL GRADUATE EMPLOYMENT REPORT (Schools)

REPORTS CONTROL SYMBOL [illegible]

IMPORTANT–Read instructions on reverse carefully before completing this Form.

NAME AND ADDRESS OF SCHOOL

NAME OF COURSE (Program)

PERIOD COVERING PERSONS COMPLETING OR DISCONTINUING TRAINING

TO

LINE NO.	DESCRIPTION	ENTRY	FOR VA USE ONLY CARD COL.
1	PERSONS WHO COMPLETED OR DISCONTINUED TRAINING		
2	PERSONS ON ACTIVE DUTY IN THE ARMED FORCES OF THE U.S.		
3	REMAINDER *(Line 1 minus Line 2)*		1-4
4	NUMBER WHO DID NOT COMPLETE COURSE		5-8
5	REMAINDER *(Line 3 minus Line 4)*		
6	PERSONS TO BE SURVEYED *(If Line 5 is 300 or less, use Line 5. If Line 5 is greater than 300, sampling may be used)*		9-11
7	UNABLE TO CONTACT		12-14
8	PERSONS CONTACTED *(Line 6-line 7)*		
9	NO RESPONSE *(Including refusals)*		
10	TOTAL RESPONDENTS *(Line 8-line 9)*		15-17
11	MINIMUM ACCEPTABLE RESPONSE FOR PERSONS CONTACTED *(Line 8 x .50) (Round to nearest whole number)*		
12	RESPONSE BASE ADJUSTED FOR RESPONSE RATE *(Enter number from line 10 or line 11, whichever is greater)*		18-20
13	EXCLUDED RESPONSES - TOTAL		21-22
	A. DISABLED		23-24
	B. IN TRAINING		25-26
	C. PERSONAL ENRICHMENT, AVOCATIONAL, OR RECREATIONAL *(Not under G.I. Bill)*		27-28
	D. PREGNANT		29-30
	E. CHANGE IN MARITAL STATUS *(cannot start new career)*		31-32
	F. UNWILLING TO MOVE TO NEW LOCALITY		33-34
	G. OTHER VALID REASONS		35-36
14	PERCENT OF RESPONSES USED *(Line 10-Line 13, divided by Line 10) (Round to nearest tenth of percent)*		
15	RESPONSE BASE FURTHER ADJUSTED FOR EXCLUSIONS *(Line 12 x Line 14) (Divided by 100) (Round to nearest whole number)*		37-39
16	EMPLOYED IN TYPE OF WORK FOR WHICH TRAINED		40-42
17	EMPLOYED IN A CLOSELY RELATED TYPE OF WORK WHICH REQUIRES SUBSTANTIAL USAGE OF SKILLS LEARNED IN THIS COURSE		43-45
18	PERCENT EMPLOYED IN THE SAME TYPE OF WORK *(Line 16 divided by Line 15) (Round to nearest tenth of a percent)*		
19	PERCENT EMPLOYED IN THE SAME OR A CLOSELY RELATED TYPE OF WORK *(Line 16 + Line 17, divided by Line 15) (Round to nearest tenth of a percent)*		

SIGNATURE AND TITLE OF SCHOOL OFFICIAL | DATE

CERTIFICATION BY STATE APPROVING AGENCY – This report has been checked and we find that it ☐ Does, ☐ Does Not support at least a 50 percent employment level in the same or a closely related type of work for which trained.

SIGNATURE AND TITLE OF CERTIFYING OFFICIAL | DATE

FOR VA USE ONLY ▶ | COURSE CODE (CC 46-[illegible]) | FACILITY CODE (CC [illegible]) | RO NUMBER (CC [illegible])

VA FORM [illegible] 22-8723

Mr. **Wilson**. A new provision of the law requires the Federal Trade Commission and the Veterans' Administration to coordinate their efforts regarding the enrollment of veterans in courses offered by schools whose advertising, sales, or enrollment practices are erroneous, deceptive, or misleading. The provisions of Public Law 93-503 specify that the two agencies are to enter into a contract whereby the FTC utilizes, where appropriate, its services and facilities to investigate cases of such abuse. I am happy to report that after preliminary discussions VA representatives and FTC representatives have reached a general agreement which will shortly be ready for signing.

Chairman **Hartke**. I am also going to place in the record at this point an article by Eric Wentworth entitled "Protecting the Consumers of Education."

[From the Washington Post, Apr. 3, 1975]

Protecting the Consumers of Education

(By Eric Wentworth)

The more that money-hungry colleges resort to Madison Avenue methods to market their academic wares, the more they are making a case for government protection of the student consumers they are trying to enroll.

Federal regulation has already been extended over the past few years to campus collective bargaining, to faculty hiring, pay and promotion practices, and to relations with students on countless fronts from financial aid to gymnasium hours to the handling of personal records.

These moves, launched in the name of equal opportunity and other worthwhile causes, have inspired a swelling chorus of complaints about government red tape, harassment and even coercion from Kingman Brewster Jr., president of Yale University, William J. McGill, his counterpart at Columbia, and other campus leaders.

Brewster, McGill & Co. would hardly welcome still more government regulation. Nonetheless, too many colleges—large as well as small, familiar as well as obscure—have begun advertising for students in a manner which befits commercial establishments rather than academic institutions. The trend seems sure to intensify, and it calls for some clear, concise standards of marketplace behavior.

The marketing practices of profitmaking vocational schools already are subject to federal and state regulation. Until there is persuasive evidence that non-profit colleges will establish and vigorously enforce similar standards on their own, they too should be made accountable to public agencies.

The U.S. Office of Education has just taken a step in this direction, adopting consumer protection rules which profit-making and non-profit institutions alike must follow in order to enroll students with federally guaranteed loans. Now Rep. James G. O'Hara (D-Mich.) has proposed extending such rules for all Office of Education student aid programs.

"It seems to me," said O'Hara, who chairs the House subcommittee handling college legislation, "that a school should indeed establish a fair and equitable refund policy that provides for the return of unearned tuition and fees; that students should be fully apprised of such policies before they enroll; and that schools at the very least should let prospective students know about what their education is going to cost them, what their chances are of completing their course of study and, where the school makes claims regarding employment of its students, what employment and earning experience that school's students have had."

Moreover, O'Hara stressed, his proposed requirement "should not be limited to a particular class of schools or to a single student assistance program." He added: "Truth-in-advertising is as appropriate in the catalog of a distinguished university of ancient lineage as it is in the television advertising of a trade school."

O'Hara's proposal would have seemed far-fetched a few years ago, when it was still largely the profit-minded trade schools which aggressively advertised for students. But times have changed. Private and even public colleges are advertising these days as though they were banks or resort hotels—extolling their personalized services, convenient schedules, or local scenery and recreational facilities.

Consider some ads in the New York Times' annual education section in January: "Study in the Green Mountains of Vermont" (Southern Vermont College), "Study in Colorful Smoky Mountains" (Maryville College), "Earn your degree credits in the degrees-cooler summer climate of Vacationland Maine" (University of Maine or Orono) or "How long does your snow stay white? All seasons are beautiful at the University of Wisconsin—Stevens Point."

Some institutions, like Georgetown University here, have taken up market research to increase their appeal to potential students. Others, like Randolph-Macon Woman's College in Virginia, have bought lists of high school students for mass mailings of brochures. A number of colleges have hired public relations firms to spruce up their recruiting literature—and their overall public images. Quite a few have even signed up "admissions consultants" to seek out customers.

There are colleges which offer tuition discounts, in the guise of "scholarships" unrelated to financial need. And colleges which offer academic discounts through "credit for life experience" and other shortcuts to a degree. Many seem to be packaging new "multi-disciplinary" degree programs with an eye as much to customer appeal as to any academic discipline.

However alien to traditional academia, most of these merchandising techniques are neither illegal nor unethical in themselves. But the more widely they are used, the more opportunities and temptations there are for abuse. And whether abuses result from naivete or deliberate deceit, student consumers stand to be misled.

Take a public community college's ad which ran, without evil intent, in The Washington Post's Potomac magazine last November with the headline, "How to go to Harvard for ½ price." The ad explained, "Go to Montgomery College for two years—then transfer to Harvard. Since it costs over $5,000 a year to attend Harvard, and since maximum tuition at Montgomery College is only $500 a year (for Montgomery County residents) you'll save almost half the cost of four years at Harvard."

Questions of relative academic standards aside, the ad's arithmetic by itself was misleading: Harvard's "over $5,000 a year" included room and board, as well as tuition, while Montgomery College's $500 a year covered tuition alone. The ad's implication that students completing two years at Montgomery could transfer to Harvard at will was also misleading: Harvard accepts few transfer students into its junior-year classes from community colleges or anywhere else.

Most colleges are adopting commercial recruiting methods out of financial necessity rather than greed. Their costs, for everything from payrolls to paperclips, have been soaring.

Federal policymakers and pursestring-holders, moreover, have helped usher them into the marketplace. By channeling funds more to students than to institutions, Washington has compelled the private colleges especially to look to tuition revenues rather than direct subsidies to make ends meet. As a result, the colleges have had to raise tuition rates relentlessly—both Montgomery College and Harvard will charge 10 percent more next year. And, to make sure they attract enough paying customers at these rates, it's inevitable many colleges are beating the bushes aggressively for older adults as well as students of traditional college age.

Whatever the underlying causes, however, the basic fact that colleges are using commercial methods to attract customers argues for making them publicly accountable in the same way that profit-making trade schools and other business enterprises using such methods are accountable.

The fact that tuition rates have gotten so high makes the case for consumer protection that much more persuasive. After all, sending one's son or daughter off to a private college nowadays costs as much as buying a new car each year for four years—without any trade-in allowances to soften the blow.

"Since education is one of the major financial investments in one's life," Rep. Albert H. Quie of Minnesota, ranking Republican on the House Education and Labor Committee, said recently, "it is natural for people to expand the consumerism movement to higher education."

[Subsequently, the following report was also ordered placed in the record:]

94th Congress }
2d Session }
SENATE COMMITTEE PRINT NO. 58

REPORT ON ERRONEOUS, MISLEADING, OR DECEPTIVE ADVERTISING PRACTICES, FISCAL YEAR 1976

A REPORT

PREPARED BY THE

VETERANS' ADMINISTRATION

(Pursuant to Section 212(c) of Public Law 93-508 and
Section 1796(c) of Title 38, United States Code)

SUBMITTED TO THE

COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE

VANCE HARTKE, *Chairman*

SEPTEMBER 29, 1976

Printed for the use of the Committee on Veterans' Affairs

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1976

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PUBLIC LAW 93-508

* * * * * * *

SEC. 212. (a) Chapter 36 of title 38, United States Code, is amended by inserting at the end thereof the following new section:

"§ 1796. Limitation on certain advertising, sales, and enrollment practices

"(a) The Administrator shall not approve the enrollment of an eligible veteran or eligible person in any course offered by an institution which utilizes advertising, sales, or enrollment practices of any type which are erroneous, deceptive, or misleading either by actual statement, omission, or intimation.

"(b) The Administrator shall, pursuant to section 1794 of this enter into an agreement with the Federal Trade Commission to utilize, where appropriate, its services and facilities, consistent with its available resources, in carrying out investigations and making his determinations under subsection (a) of this section. Such agreement shall provide that cases arising under subsection (a) of this section or any similar matters with respect to any of the requirements of this chapter or chapters 34 and 35 of this title shall be referred to the Federal Trade Commission which in its discretion will conduct an investigation and make preliminary findings. The findings and results of any such investigations shall be referred to the Administrator who shall take appropriate action in such cases within ninety days after such referral.

"(c) Not later than sixty days after the end of each fiscal year, the Administrator shall report to Congress on the nature and disposition of all cases arising under this section.".

* * * * * * *

LETTER OF TRANSMITTAL

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., September 22, 1976.

Hon. NELSON ROCKEFELLER,
President of the Senate, U.S. Senate, Washington, D.C.

DEAR MR. PRESIDENT: Pursuant to Title 38, United States Code, section 1796(c), I am forwarding to Congress a report for Fiscal Year 1976 on the nature and disposition of all cases in which an institution, approved for Veterans Benefits, utilizes advertising, sales or enrollment practices which are erroneous, deceptive, or misleading, either by actual statement, omission, or intimation.

Sincerely,

RICHARD L. ROUDEBUSH,
Administrator.

DECEPTIVE ADVERTISING

[List, by area and regional office, of schools reported to have erroneous, misleading or deceptive advertising sales or enrollment practices as outlined in DVB Circular 20-76-26]

Station reporting and name of institution	Nature of violation	Disposition
AREA 1		
Buffalo:		
Bryant and Stratton Business Institute.	Emphasis on increased GI benefits	Advertisement changed with emphasis on quality of education.
National Tractor Trailer School	Advertisement printed in help wanted section.	Advertisement rescinded, will submit all future ads for SAA clearance.
Boston:		
Fisher Junior College	Monetary gains	Advertisement changed.
Newbury Junior College	do	Do.
Quincy Junior College	do	Do.
Northeast Institute of Technology	do	Do.
Lee Institute	VA approved	Do.
Grahm Junior College	Accredited by VA	Do.
Newark: Bloomfield College	Extra tax-free income	Advertisement modified.
Philadelphia:		
Immaculata College	Stressed financial gain	Advertisement withdrawn.
Marywood College	Stressed financial gain and prematurely released ad not yet approved.	Advertisement withdrawn pending approval.
International Correspondence School.	Premature advertising of degree program; 2 yr. college degree program not really college degree program.	Advertisement changed.
Providence: Johnson and Wales College	Benefits end June 1976, veterans' bonus.	Revised advertisement.
Washington:		
Beacom Flying Service, Inc	VA approved	Do.
Montgomery School of Beauty Culture.	do	Pending reply to RO letter requesting school to cease practices.
Brookwein Institute	do	Advertisement changed.
Southeastern University	Monetary gains	Pending reply to RO letter requesting school to cease practices.
Togus: Casco Bay College	do	Advertisement changed.
New York:		
Mercy College	do	Advertisement changed and future ad's to clear SAA.
Elizabeth Seton College	Branch thought to be not approved	Newly approved, NAN.
County Schools	Approved for veterans	A Connecticut based school; referred to SAA in Connecticut.
Chauffeur's Training School	85 percent placement; not so claims veteran.	SAA review found no discrepancy.
AREA 2		
Louisville:		
Draughon's Business College	Monetary gain	Advertisement withdrawn.
Kentucky Business College	Monetary gain; branches not approved	Do.
Sullivan Business College	Monetary gain	Do.
Montgomery:		
John C. Calhoun Community College	do	Do.
Birmingham Southern College	Misleading advertisement	Do.
Nashville: Bristol Commercial College	Monetary gain	Do.
New Orleans:		
University of New Orleans	do	Do.
C.B.M. Educational School	Courses not approved	Advertisement corrected.
Roanoke:		
Virginia Intermont College	Monetary gain	Advertisement changed to stress educational gain.
George Washington University	VA approved	Wording changed.
Waco: LTV Jet Fleet Corp	VA flight training to end July 1	Advertisement changed.
AREA 3		
Indianapolis: United Systems, Inc	Alleged to be not a program of education.	Committee on Educational Allowances determined that there was no significant evidence of maladministration on the part of the school.
Muskogee:		
Coleman American Schools	False information to secure enrollment	C.O. hearing, Aug. 30, 1976.
Sales Training of San Diego	Multiple violations	Report of investigation furnished to FBI, SAA, VARO, San Diego.
Sioux Falls: Saddlery Saddlemaking School.	Employment promises	Advertisement changed.
St. Paul: Lakeland Medical-Dental Academy.	do	Under investigation by SAA.
St. Louis: Coleman American Schools	False information to secure enrollment	C.O. hearing, Aug. 30, 1976.
Cleveland: Cleveland State University	Promise of B.S. in engineering, received B.S. in technology.	School publication corrected.

DECEPTIVE ADVERTISING—Continued

[List, by area and regional office, of schools reported to have erroneous, misleading or deceptive advertising sales or enrollment practices as outlined in DVB Circular 20-76-26]

Station reporting and name of institution	Nature of violation	Disposition
Detroit: Wayne State University	Monetary gains	Advertisement withdrawn.
Des Moines:		
Des Moines Area Community College	do	Do.
American Institute of Commerce	do	SAA secured agreement to discontinue ad.
AREA 4		
San Francisco: Brock Broadcasting, Inc. (formerly Columbia School of Broadcasting).	Allegedly does not provide program of training as advertised.	Referred to SAA for action.
Seattle: Prometheus College	School not approved	Pending.
Salt Lake City: Utah Technical College	Monetary gain	Advertisement withdrawn.
San Diego: "Vets World" case at U.S. International University.	False information to secure enrollment	"Vets World" no longer associated with USIU and is not approved.
Phoenix:		
Southwestern Preparatory School for Medical Students.	Guaranteed placement	Advertisement withdrawn.
Mesa Community College	Monetary gain	Do.

ANALYSIS WORKSHEET—SUMMARY OF FISCAL YEAR 1976 ACTIONS—FALSE ADVERTISING

Name of station	Station No.	Regional offices reporting as to whether problems encountered	Number of schools involved
Area 2:			
Philadelphia		X	3 schools.
Baltimore	13	NEG	
Boston	01	X	6 schools.
Buffalo	07	X	2 schools.
Hartford	08	NEG	
Manchester	73	NEG	Bloomfield College.
Newark	09	X	
New York	06	X	4 facilities.
Pittsburgh	11	NEG	
Providence	04	X	Johnson & Wales College.
Huntington	55	NEG	
Togus	02	X	Casco Bay College.
Washington, D.C	72	X	5 schools shown.
White River Junction	05	NEG	
Wilmington	60	NEG	
Total		7—NEG	23—facilities.
Area 2:			
Atlanta	16	NEG	
Columbia	19	NEG	
Houston	62	NEG	
San Juan	15	NEG	
Jackson	23	NEG	
Little Rock	50	NEG	
Little Rock	50	NEG	
Louisville	27	X	3 schools.
Montgomery	22	X	2 schools.
Nashville	20	X	Bristol Commercial College.
New Orleans	21	X	2 schools shown.
Roanoke	14	X	2 schools.
St. Petersburg	17	NEG	
Waco	49	X	LTV Jet Fleet Corp.
Winston-Salem	18	NEG	
Total		8—NEG	11—facilities.
Area 3:			
Chicago	28	NEG	
Cleveland	25	X	Cleveland State University.
Des Moines	33	X	2 schools.
Detroit	29	X	Wayne State University.
Fargo	37	NEG	
Indianapolis	26	X	United Systems.
Lincoln	34	NEG	
Milwaukee	30	NEG	
Muskogee	51	X	2 schools shown.
Sioux Falls	38	X	J. M. Saddlery Saddlemaking School.
St. Louis	31	X	3 schools.
St. Paul	35	X	Lakeland Medical Dental Laboratory.
Wichita	52	NEG	
Total		5—NEG	12 facilities.

ANALYSIS WORKSHEET—SUMMARY OF FISCAL YEAR 1976 ACTIONS—FALSE ADVERTISING—Continued

Name of station	Station No.	Regional offices reporting as to whether problems encountered	Number of schools involved
Area 4:			
Albuquerque	40	NEG	
Boise	47	NEG	
Cheyenne	42	NEG	
Denver	39	NEG	
Fort Harrison	36	NEG	
Honolulu	59	NEG	
Juneau	63	NEG	(VAO Anchorage—NEG).
Los Angeles	44	NEG	
Manila	58	NEG	
Phoenix	45	X	2 schools.
Portland	48	NEG	
Reno	54	NEG	
Salt Lake City	41	X	Utah Technical College.
San Diego	77	X	"Vets World" U.S. International University.
San Francisco	43	X	Columbia School of Broadcasting.
Seattle	46	X	Prometheus College.
Total		11—NEG	6—facilities.
Grand total		30—NEG	52 facilities.

VETERANS' ADMINISTRATION,
Des Moines, Iowa, July 13, 1976.

Subject: RCS 22-14.

FIELD DIRECTOR, AREA 3 (201C/223B),
Veterans' Administration Central Office,
Washington, D.C.

1. The following information is submitted in accordance with DVB Circular 20-76-26.

a. Des Moines Area Community College, 2006 Ankeny Boulevard, Ankeny, Iowa 50021. Letter dated February 3, 1976, was received from AFD with a copy of newspaper advertising deemed misleading. School was contacted and agreed to cease use of advertising copy which placed emphasis on monetary benefits.

b. American Institute of Commerce, 1428 Brady Street, Davenport, Iowa 52803. Newspaper advertising was received which was misleading as to branch location approval and monetary benefits. Before our awareness of this advertising, our State Approving Agency took action and secured written agreement from school that this advertising would not be used. Letter from AFD dated April 28, 1976, confirmed no further action necessary.

2. No further instances were processed by this Regional Office prior to July 1, 1976.

ROBERT L. WINTERS, *Director.*

VETERANS' ADMINISTRATION,
Waco, Tex., July 6, 1976.

Subject: RCS 22-14.

FIELD DIRECTOR, AREA 2 (223B),
Veterans' Administration Central Office,
Washington, D.C.

1. This office received a call from Central Office regarding an advertisement in Army Times where LTV Jet Fleet Corporation, Dallas, Texas, was running an advertisement "VA Flight Training to end July 1".

2. We contacted the school and requested them to change the wording in the advertisement.

3. On May 21, 1976, Mr. D. B. Rooker, Senior Vice President, advised us that their advertisement after May 17, 1976, would make no reference to the possible end of benefits on July 1, 1976.

4. We are enclosing a copy of Mr. Rooker's letter and a copy of the advertisement. They are now considered to be in compliance.

5. We have discovered no other instances of erroneous, misleading or deceptive advertising sales, or enrollment practices.

JACK COKER, *Director.*

Enclosures 2.

JET FLEET CORP.,
Dallas, Tex., May 21, 1976.

Re Army Times advertisement.

Ms. DORIS COX,
Veterans' Administration,
Waco, Tex.

DEAR MS. COX: Following our conversation this morning, we reviewed the Federal Trade Commission, Guides for Private Vocational & Home Study Schools, Promulgated May 16, 1972.

The ad, which I enclose, was run by us this Spring, ending with the 5-17-76 issue you mentioned. It was run because we were concerned about the proposed bill, H.R. 13497, introduced by Representative Olin Teague, which would have eliminated flight training benefits.

The ad content was designed to inform everyone of this possible loss of benefits, without misleading or deceiving anyone.

It is apparent that passage of the bill is unlikely. And, for that reason, our ads after 5-17-76 make no reference to the possible end of benefits on July 1, 1976.

At the same time, it is not our intention to do anything which could be viewed as deceptive, or misrepresentative. We value our reputation, both with the various regulatory agencies; FAA, CAB, VA, and with the public.

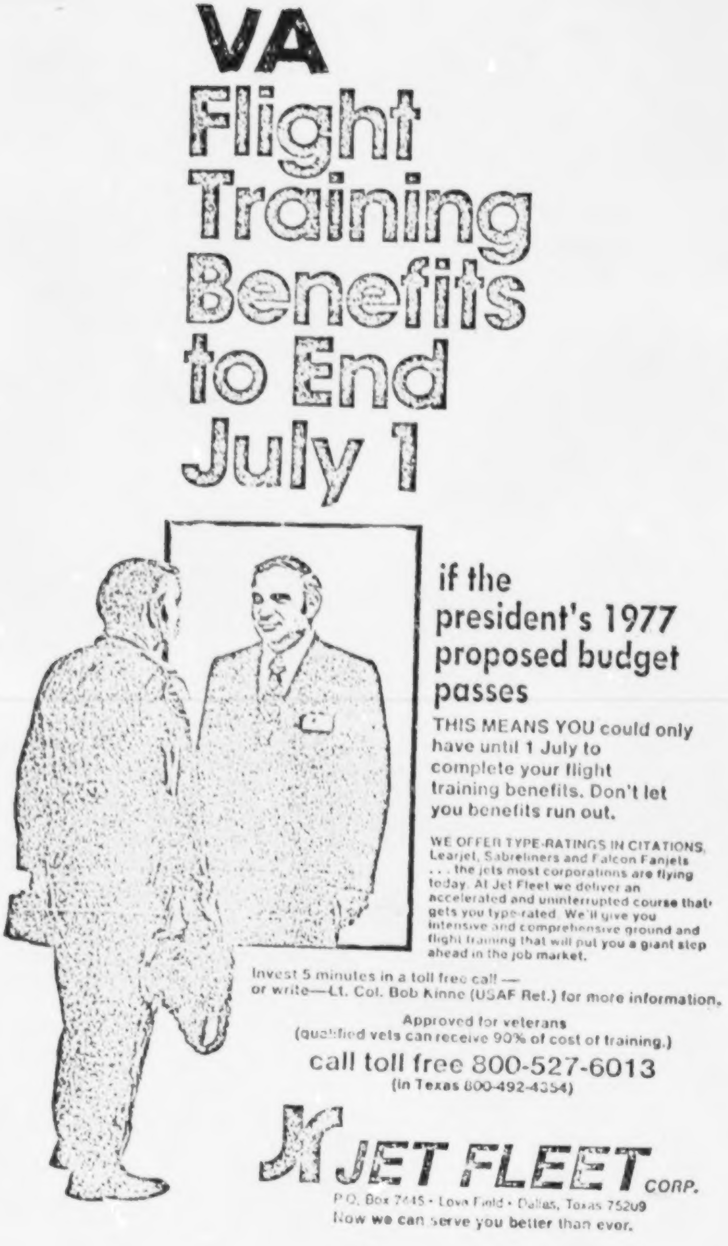
If, in the future, our ad content ever contains inappropriate language, please feel free to call me, so we may discuss it. We recognize your responsibility to the Veteran and would never expect that responsibility to be compromised.

Thank you for your cooperation.

Yours truly,

D. B. ROOKER,
Senior Vice President.

Enclosure.



VA Flight Training Benefits to End July 1

if the president's 1977 proposed budget passes

THIS MEANS YOU could only have until 1 July to complete your flight training benefits. Don't let you benefits run out.

WE OFFER TYPE-RATINGS IN CITATIONS, Learjet, Sabreliners and Falcon Fanjets . . . the jets most corporations are flying today. At Jet Fleet we deliver an accelerated and uninterrupted course that gets you type-rated. We'll give you intensive and comprehensive ground and flight training that will put you a giant step ahead in the job market.

Invest 5 minutes in a toll free call —
or write—Lt. Col. Bob Kinne (USAF Ret.) for more information.

Approved for veterans
(qualified vets can receive 90% of cost of training.)

call toll free 800-527-6013
(in Texas 800-492-4354)

JET FLEET CORP.
P.O. Box 7445 • Love Field • Dallas, Texas 75209
Now we can serve you better than ever.

VETERANS' ADMINISTRATION,
San Diego, Calif., July 16, 1976.

Subject: False and misleading advertising report (DVB circular 20-76-26).

FIELD DIRECTOR, AREA 4 (201D)/223B,
Veterans' Administration Central Office,
Washington, D.C.

The only action taken by this office in this regard concerned the "Vets World" case at United States International University. "Vets World" was referred to your office (224C) on January 7, 1976.

HERBERT R. RAINWATER, *Director.*

VETERANS' ADMINISTRATION,
Roanoke, Va., July 20, 1976.

Subject: Misleading advertising practices RCS 22-14.

FIELD DIRECTOR, AREA 2 (HR/223B),
Veterans' Administration Central Office,
Washington, D.C.

The following report for FY 76 is submitted as required by DVB Cir. 20-76-26: Virginia Intermont College, Bristol, Va., VA beneficiaries enrolled EOM June 76: 2.

This case of unethical advertising came to our attention after the advertising campaign was concluded. The objectionable advertising emphasized the monetary benefits of VA educational assistance to the extent of stating the "profit" remaining after tuition expenses. The newspaper ad was designed by a professional advertising agency engaged to help the college increase enrollments in an approved night school program. A field representative of the State Approving Agency immediately visited the school to discuss the situation and found that the advertisement appeared in the local newspaper for one week only. The school agreed to limit future advertising to content that would emphasize educational achievements and rewards.

George Washington University, Tidewater Extension Center, Norfolk, Va., VA beneficiaries enrolled EOM June 76: 286.

This case of inappropriate advertising resulted when the school published a flier listing courses to be offered during the spring term. The section of the flyer listing enrollment procedures included the statement "degree programs are approved by the Veterans Administration." The VARO Liaison Representative contacted the school certifying officials and informed them that this was an incorrect statement. The school immediately agreed to delete the statement from all copies of the flier still on hand and substitute the phrase "degree programs are approved by the State Approving Agency of the State Department of Education for the payment of VA educational benefits." Future printings of all materials for distribution will include the proper phrase.

W. H. HIGHFILL, Jr., *Director.*

VETERANS' ADMINISTRATION,
Detroit, Mich., July 14, 1976.

Subject: Evaluating and processing allegations of erroneous, misleading, or deceptive advertising, sales or enrollment practices (RCS 22-14).

FIELD DIRECTOR, AREA 3 (223B),
Veterans' Administration Central Office,
Washington, D.C.

1. In compliance with DVBC 20-76-26, April 14, 1976, the following report (RCS 22-14) is submitted of one incident during FY 1976.

2. During the month of November, 1975 an advertising flier published by Local 235 of the United Auto Workers, Detroit, Michigan came to the attention of this office. The flier was publicizing classes given at the Union Hall under the direction of Wayne State University, Detroit, Michigan and which are approved for VA benefits. It contained such statements as "Are you interested in additional *INCOME* while you are working or laid off?" and "As a full-time student, you will spend only half the amount of time attending class as that of other students at Wayne and the instructor will come to the students rather than the other way around".

3. Numerous telephone contacts were made by this office with the Military and Veterans Affairs Office of Wayne State University; culminating with a personal visit to the campus by the Chief of the Field Section, and the Liaison Representative on February 3, 1976. The result of this meeting was an agreement that use of the advertising flier in question would be discontinued, and that procedures would be implemented to provide that Wayne State University review all publications concerning education offered by their institution, and that the publications would comply with VA directives. It was also determined that the courses being advertised were in compliance with VA directives, in regard to content, length, etc. Only the wording of the advertising was erroneous.

4. On February 10, 1976, we received notification from Wayne State University confirming that procedures for the review and control of third party advertising had been established, and that the particular flier in question had been discontinued. There has been no further information received by this office in this regard.

FRANK J. KILCULLEN, Jr., *Director.*

VETERANS' ADMINISTRATION,
Cleveland, Ohio, July 12, 1976.

Subject: Advertising, sales or enrollment practices (RCS 22-14) Cleveland State University, Cleveland, Ohio.

FIELD DIRECTOR, AREA 3 (223B),
Veterans' Administration Central Office,
Washington, D.C.

1. Six complaint letters were received from veterans indicating they were enrolled in a program leading to a Bachelor of Science in Engineering degree, but were awarded Bachelor of Science in Technology. Evidence was presented that the school refers to the objective in

correspondence and brochures using the word "engineering", leading the veterans involved to believe that the degree they would receive was more prestigious than the one actually awarded.

2. The procedure outlined in paragraph 3 of DVB Circular 20-76-26 has been followed in notifying the school on June 28, 1976. Reply is pending.

L. M. MERRITT, *Director.*

VETERANS' ADMINISTRATION,
New York, N.Y., July 9, 1976.

Subject: RCS 22-14 Summary of actions taken with regard to allegations of erroneous, misleading, or deceptive advertising, sales or enrollment practices.

FIELD DIRECTOR, AREA 1 /223B,
Veterans' Administration Central Office,
Washington, D.C.

The following cases of alleged fraud or deceptive advertising practices were reported during Fiscal Year 1976:

a. Mercy College, Dobbs Ferry, NY—The school was stressing only the monetary gain of attending Mercy College in its recruiting literature. The school's advertising was stressing "Tax free income" for veterans. A referral was made to The State Approving Agency, the school agreed to deemphasize monetary gain in all future advertising. Furthermore all future advertising would be cleared through the State Approving Agency.

b. Elizabeth Seton College, Yonkers, NY—An advertisement in a local newspaper stated that Elizabeth Seton College was approved for veterans training at a location not previously approved by the State Approving Agency. Upon submission to the State Approving Agency, it was learned that the new location was a newly approved branch location. No action was taken against the school.

c. County Schools, Bellrose, NY—Home Office Bridgeport CT—An advertisement appeared in a local newspaper stating the school was approved for veterans and in-service personnel. A review of our records revealed no approval for the school by our State Approving Agency. The State Approving Agency investigation revealed that the school is a Connecticut based correspondence with a mail drop in New York. Our State Approving Agency referred the case to their counterpart in Connecticut.

d. Chauffeur's Training School, Rensselaer, NY—A veteran's letter of complaint stated that he was shown placement data showing 85% of the graduates were employed. He stated "He was unable to secure a job and questioned the schools performance." A review made by the State Approving Agency revealed accurate employment information, sufficient training and an adequate staff. No further action was taken on the veterans complaint, no action was taken against the school.

P. M. NUGENT, *Director.*

VETERANS' ADMINISTRATION,
Togus, Maine, July 13, 1976.

Subject: RCS 22-14:

FIELD DIRECTOR, AREA 1 (223B),
Veterans' Administration Central Office,
Washington, D.C.

1. Name and Address of School: Casco Bay College, 477 Congress St., Portland, ME 04111.

2. Summary of Facts Involved in Case:

a. On January 27, 1976 the Field Director, Area 1, responding to two complaints concerning advertising which stressed the monetary benefits of receiving VA educational assistance over the declared goals of the course, requested that our Liaison Representative initiate a review to determine whether the school was continuing to use such advertising.

b. Our Liaison Representative obtained samples of all advertising in use by the school prior to January 19, 1976. The advertising was limited to two Portland, Maine radio stations and city newspapers and was found objectionable.

c. School officials extended complete cooperation in this matter and submitted proposed newspaper and radio announcements for our approval. The proposed advertisements were determined to be still unsatisfactory, inasmuch as emphasis was still placed on VA benefits rather than on the quality of education.

d. The school again submitted proposed advertising which was found satisfactory, and which has since been featured in the media.

e. We have no knowledge of any continued use of objectional advertising by this school.

3. Disposition:

On February 20, 1976 we reported the results of our action taken to Field Director, Area 1. In view of school compliance in this matter, no further action is deemed necessary at this time.

R. H. WALLACE, *Center Director.*

VETERANS' ADMINISTRATION,
Louisville, Ky., July 13, 1976.

Subject: Objectionable advertising practices (RCS 22-14).

FIELD DIRECTOR, AREA 2 (201B/223B),
Veterans' Administration Central Office,
Washington, D.C.

The following educational institutions have been cited by this office during fiscal year 1976 for utilization of advertising practices considered false or misleading.

a. Draughon's Business College, 218 N. 5th Street, Paducah, Kentucky 42001, was verbally cited for utilization of an advertisement which intimated that the major benefit to be gained by attending the institution was the financial one derived from the receipt of VA educational assistance allowance. After verbal contact with the school officials, this type of advertising was discontinued.

b. Kentucky Business College, 628 E. Main Street, Lexington, Kentucky 40508, was cited for an advertisement in the Winchester Sun, which stressed the monetary benefits to be gained from pursuit of their courses, rather than the educational objectives. The item also implied that the school's additional facilities located in Winchester, Kentucky, had been approved by the State Approving Agency for the training of veterans, when no such approval had been granted. The institution's President was advised by letter that this advertisement was objectionable, and he immediately withdrew it.

c. Sullivan Business College, Lincoln Federal Building, 600 River City Mall, Louisville, Kentucky 40202, placed an advertisement in the Louisville Courier-Journal which was objectionable because it stressed monetary benefits, rather than the educational goal. This advertisement was withdrawn after the school officials were advised that this type of advertisement was prohibited.

KENNETH E. MCDONALD, *Director.*

VETERANS' ADMINISTRATION,
Phoenix, Ariz., July 13, 1976.

Subject: Report on advertising practices (RS 22-14).

FIELD DIRECTOR, AREA 4 (223B),
Veterans' Administration Central Office,
Washington, D.C.

1. As required by DVB Circular 20-76-26, the following information is submitted.

2. The following institutions were contacted during fiscal year 1976 concerning various advertising practices:

A. Southwestern Preparatory Schools for Medical Students, 2025 N. Central, Phoenix, AZ 85004. School ran advertisement stating "Guaranteed Placement" during period 4/1/75-4/11/75. This advertisement was brought to the attention of school officials by the State Board of Private Schools. School requested withdrawal of the questioned advertisement from the Arizona Republic on April 11, 1975 (reference VA letter 345/27E to Area Field Director (223C) dated 8/27/75).

B. Mesa Community College, 1833 W. Southern, Mesa, AZ 85202. School ran advertisement in the Tempe Daily News in May 1976, stating "Hey Vet Get Yours . . ." A complaint was received on the tone and intent of this advertisement from official of another school. A school official of Mesa Community College was contacted who stated wording of their advertisements would be changed.

GORDON A. LYONS, *Director.*

VETERANS' ADMINISTRATION,
Salt Lake City, Utah, July 12, 1976.

Subject: RCS 22-14: Erroneous, misleading, or deceptive advertising, sales, or enrollment practices.

FIELD DIRECTOR, AREA 4 (201D/223B)
Veterans' Administration Central Office,
Washington, D.C.

1. At about the time DVB Circular 20-76-26 was received on our station, Utah Technical College in Salt Lake City was conducting

an advertising campaign for Summer Quarter enrollment. We found some of the advertisements to be possibly violative of 38 USC 1796(a). The school was notified on May 28, 1976, of our objections, and was allowed 30 days in which to respond (copy of letter enclosed).

2. School officials responded immediately upon receipt of our letter by telephone, and within three weeks by letter, assuring the objectionable advertising would cease (copies of letters enclosed). Our own observations of Utah Technical Colleges' advertising since our notification has shown that the school, in fact, deleted such material from their ads.

3. A prior report was not made because the infraction was minor and was remedied immediately as shown by the school officials' responses.

4. Action by this office has not been required for the advertising, sales, or enrollment practices of any other school in the state of Utah during FY 1976.

Elmer J. Smith, *Director.*

Enclosures (3).

May 28, 1976.

Utah Technical College at Salt Lake,
Salt Lake City, Utah.
(Attention of Larry Christensen).

Title 38, United States Code, Section 1796(a) states, "The Administrator shall not approve the enrollment of an eligible veteran or eligible person in any course offered by an institution which utilizes advertising, sales, or enrollment practices of any type which are erroneous, deceptive, or misleading either by actual statement, omission, or intimation."

DVB Circular 20-76-26, Evaluating and Processing Allegations of Erroneous, Misleading, or Deceptive Advertising, Sales, or Enrollment Practices, was recently received on our station. This circular offers guidelines as points of emphasis in reviewing school practices. One area of concern is the practice of advertisements which emphasize the monetary benefits to be directly gained from receiving VA benefits over the cost of the course, rather than the declared goals of the course or courses.

Recent advertisements in the Salt Lake Tribune and the Big Nickel for Utah Technical College at Salt Lake, as well as your most recent Veterans News Bulletin, appear to violate 38 U.S.C. 1796(a).

We are required to inform you of this violation and to grant you 30 days in which to cease the advertising, or to show cause in writing why the further enrollment of veterans and other eligible persons should be approved.

If you desire to discuss the issue, a meeting can be arranged by contacting Mrs. Adolphson in the Field Section, 524-5952.

Russell R. Neilan, *Veterans Services Officer.*

Utah Technical College at Salt Lake,
Salt Lake City, Utah, June 14, 1976.

Russell R. Neilan,
Veterans' Services Officer,
Veterans' Administration,
Salt Lake City, Utah

Dear Mr. Neilan: Your letter of May 28, 1976, pointing out the advertising violation to Title 38 of the US Code has been brought to my attention. The College Administration regrets this action was necessary on your part. We have taken the steps to make sure that correct veteran outreach and recruiting methods will be used in the future. Utah Technical College at Salt Lake's reputation of seeking, advising, training, and placing veterans in meaningful employment is well known and we expect to continue to serve them in a positive and meaningful way.

Hopefully this letter will answer the necessary questions and allow the College and Regional Office to continue to enroll veterans in our programs. If I can be of further assistance in this or other matters, kindly let me hear from you.

Sincerely,

GRANT W. SMART,
Assistant to the President.

UTAH TECHNICAL COLLEGE AT SALT LAKE,
Salt Lake City, Utah, June 16, 1976.

RUSSELL R. NEILAN,
Veterans' Services Officer,
Veterans' Administration,
Salt Lake City, Utah

DEAR MR. NEILAN: I received your letter dated May 28, 1976 on June 1, 1976. That same day I spoke with Mrs. Adolphson to clarify VA requirements. After speaking with Mrs. Adolphson, I immediately asked Mr. Bryan Gardner, UTC College Relations Director, to notify appropriate personnel with whom advertisements had been placed to delete from our advertising copy all references to "hundreds of tax free dollars" or specific dollar amounts payable under the GI bill.

Our Fall Quarter advertising campaign which will begin in July will not contain the sort of information which previously caused concern.

I would be happy to submit proposed advertising copy to the Regional Office for review and approval if you find that advisable.

Our major goal in advertising was to increase veteran awareness of UTC and the various excellent technical and vocational programs available.

Hopefully this letter will provide sufficient information to resolve the matter.

Sincerely,

JOHN B. MATHESON III,
Veterans Coordinator.

VETERANS' ADMINISTRATION,
Philadelphia, Pa., July 13, 1976.

Subject: DVB circular 20-76-26, dated April 14, 1976, (RCS 22-14).

FIELD DIRECTOR, AREA 1 (223),
Veterans' Administration Central Office,
Washington, D. C.

During the period July 1, 1975 to June 30, 1976, the following instances of erroneous, misleading, or deceptive advertising by schools came to our attention:

A. IMMACULATA COLLEGE, IMMACULATA, PA.

An advertisement appeared in a local periodical which stressed the financial gain a veteran could realize through enrollment at the school rather than the educational aspects to be achieved. The advertising was referred to the State approving agency. Immediate action was taken by the school to withdraw the advertising from publication.

B. MARYWOOD COLLEGE, SCRANTON, PA.

This institution utilized the same method of advertising as Immaculata College. The matter was referred to the State and prompt action was taken to withdraw it from publication. In addition, the school was advertising that a program of education by independent study was approved for veteran training when in fact the program had no such approval. Contact was made with the proper school official who indicated the ad was prematurely released for publication. The school took action to cancel promotion of the program pending its approval for veteran training.

C. INTERNATIONAL CORRESPONDENCE SCHOOLS, SCRANTON, PA.

Your letter of September 19, 1975, brought to our attention misleading advertising placed by the school in a national magazine. A statement in the ad cited that programs leading to an Associate in Specialized Business Degree were approved for veteran training. At the time the advertisement appeared, the programs were not approved. A further misleading statement indicated that the courses were two-year college degree programs when they could not be considered college degree equivalent. As requested in your letter, the matter was referred to the State for corrective action. Officials of the school arranged to meet with the Director, Education and Rehabilitation Service, and offered to present future advertising to that service prior to its release to conformity with the law.

S. W. MELIDOSIAN, *Director.*

VETERANS' ADMINISTRATION,
St. Louis, Mo., July 13, 1976.

Subject: Actions taken regarding allegations of erroneous, misleading, or deceptive advertising, sales, or enrollment practices. (RCS 22-14.)

FIELD DIRECTOR, AREA 3 (223B),
Veterans' Administration Central Office,
Washington, D.C.

1. The following schools have been referred to the Station Committee on Education Allowances regarding allegations of erroneous, misleading, or deceptive advertising, sales, or enrollment practices:

(a) American Automation Training Center, 3435 Broadway, Kansas City, Missouri.

(b) Standard Technical Institute, 3435 Broadway, Kansas City, Missouri.

(c) National Meat Packers, Inc., 3435 Broadway, Kansas City, Missouri.

2. The Station Committee's recommendations are currently under consideration by this office.

STEVE SAVIS, *Director.*

VETERANS' ADMINISTRATION,
St. Paul, Minn., July 14, 1976.

Subject: Evaluation and processing allegations of erroneous, misleading or deceptive advertising, sales, or enrollment practices, DVB Circular 20-76-26 dated April 14, 1976 (RCS 22-14).

FIELD DIRECTOR AREA 3, (223B)
Veterans' Administration Central Office,
Washington, D.C.

1. The following information is submitted per your request:

a. Name of School: Lakeland Medical-Dental Academy.

b. Address of School: 1402 West Lake Street, Minneapolis, Minn.

2. An interview conducted with a student in conjunction with the Title VI Survey during a Compliance Survey disclosed that the student felt she would be a qualified laboratory technician upon completion of the one year program. Only after starting the program did she learn that in order to take the medical laboratory technician examination she would have to have an additional year of training through the University of Minnesota. Upon completion of the one year program a student would qualify to take the certified laboratory assistant examination.

3. A review of the school's catalog (copies of pages 5 and 6 enclosed) reveals that on page 5 under General Introduction it states:

"We can train you for an entry-level position as either a Medical or Dental Assistant in just 32 weeks and as a Laboratory Technician in only one year."

Page 6 does list accurately the requirements and qualifications for a medical laboratory technician under "Associate Degree Program."

4. Currently this case is under investigation by the State Approving Agency. The SAA has requested additional information from the American Medical Association in order to make a decision.

5. New enrollments were previously suspended because of 50% placement.

6. Procedures outlined in DVB Circular 20-76-26 have not been initiated pending further reply from the State Approving Agency based on requested information from the American Medical Association. When this information is received from the State Approving Agency, the necessary action per DVB Circular 20-76-26 will be taken.

MORRIS NOONER, Jr., *Director.*

Enclosures.

GENERAL INTRODUCTION

Lakeland Medical-Dental Academy, founded in 1958, is a private, technical school located in Minneapolis, Minnesota. Our sole purpose is to provide young men and women with the technical skills needed to serve the medical and dental professions. We specialize in training our students to function as Medical Assistants, as Laboratory Technicians, and as Dental Assistants—key positions within the world of dentistry and medicine.

What about you . . . what are your goals and aspirations in life? At Lakeland Medical-Dental Academy, our primary interest lies with young people who want a para-professional career, but who wish to accomplish this over a comparatively short period of time. We are interested in students who wish to avail themselves of career opportunities open to the specialist, without waiting the full four years required for a college degree. We can train you for an entry-level position as either a Medical or Dental Assistant in just thiry-two weeks *and as a Laboratory Technician in only a year.* The emphasis at LMDA is on individual counseling and instruction—a fact that the presence of a Faculty Adviser for each student underscores. The training is concise, thorough, and professional, leaving you with a valuable set of skills you can put to immediate use upon graduation.

If this kind of thinking matches your own, then this catalogue has been written with you particularly in mind. We are specialists in an age of specialization, and we train our students for work in a world where paramedical skills are in constant and growing demand. We invite you personally to visit Lakeland Medical-Dental Academy.

ADMISSION

A. Entrance Requirements

Applicants must be high school graduates or equivalent. The school retains the right to accept or reject an applicant based on the applicant's scholastic record and character references. Algebra is a prerequisite for the Laboratory Technician program; high-school typing is a prerequisite for Medical and Dental Assistant programs.

B. Associate Degree Program

Lakeland Medical-Dental Academy and University of Minnesota General College have a cooperative agreement whereby Medical Assistant, Dental Assistant, and Medical Laboratory Technician students may earn an Associate of Arts degree.

Students who complete the eight month Medical Assistant or Dental Assistant programs receive a diploma from Lakeland Medical-Dental Academy. Upon completion of 58 additional quarter credits earned at the University of Minnesota General College the student receives an Associate of Arts degree from the University of Minnesota General College.

The Medical Laboratory Technician program consists of one year of study at each institution. Upon satisfactory completion of the required courses at the two institutions the student receives an Associate of Arts degree from University of Minnesota General College and a diploma from Lakeland Medical-Dental Academy. The student is then eligible to write the Medical Laboratory Technician (ASCP) examination.

The student may select either institution at which to begin his/her course of study.

C. Admission Procedure

Carefully complete the enrollment agreement and submit it to the Admission Office with the $100.00 application fee. Specify the desired entrance date on the enrollment agreement. Indicate the desired course. The application fee becomes a payment on tuition if the applicant is accepted. It is not an additional fee. A limited number of applicants will be accepted for each starting date. It is advisable to make application well in advance. Lakeland Medical-Dental Academy will notify each student, in writing, of his or her acceptance or rejection.

D. Tuition Schedule

For our current tutition schedule, please refer to the attached information sheet.

E. Refund Policy

A student after having made down payment will receive full refund if he or she visits the school within one month after having made the down payment, and requests a refund at the time of such visit.

The word student as used in the following refund policy shall be construed to mean the student himself if he is the party to the contract, or his parent or guardian or another person if the parent, guardian or other person is the party to the contract on behalf of the student.

* * * * * * *

To: Veterans' Administration Central Office, Washington, D.C.
From: Veterans' Administration Regional Office, San Francisco, Calif.
Subject: RCS 22–14 (DVB circular 20–76–26).

1. Columbia School of Broadcasting, referred to us by area field director (223B) on June 10, 1976. This school has changed ownership and moved to Los Angeles. The new owner is Brock Broadcasting, Inc. and the location is 6290 Sunset Boulevard, P.O. Box 1790 Hollywood, CA 90028.

2. The Bureau of School Approvals was requested to investigate completely the school's advertising, sales and enrollment practices, and also to determine whether the school's courses constitute a program of education.

3. The Director, Los Angeles regional office has been asked to conduct the 50% employment survey audit.

4. A complete report will be furnished when all necessary data has been gathered/27/00

VETERANS' ADMINISTRATION,
Montgomery, Ala., July 9, 1976.

Subject: RCS 22–14, DVB circular 20–76–26.

FIELD DIRECTOR, AREA 2 (223B),
Veterans' Administration Central Office,
Washington, D.C.

1. John C. Calhoun Community College, Decatur, Alabama, was using questionable advertising in January 1976. A billboard sign was used stressing monetary benefits instead of educational benefits. The liaison representative contacted the school officials and this was discontinued.

2. Birmingham Southern College, Birmingham, Alabama, was using misleading advertising in a newspaper article in April 1976. The liaison representative contacted the school officials and this was discontinued.

WILEY H. PARKMAN, *Director.*

VETERANS' ADMINISTRATION,
Nashville, Tenn., July 12, 1976.

Subject: Report on erroneous, misleading, or deceptive advertising, sales, or enrollment practices (DVB circular 20-76-26, RCS 22-14).

FIELD DIRECTOR, AREA 2/223B,
Veterans' Administration Central Office,
Washington, D.C.

Name and address of school: Bristol Commercial College, 8½ Fifth Street, Bristol, Tenn.

SUMMARY OF FACTS INVOLVED IN CASE AND DISPOSITION

This office received a copy of an advertisement placed in the May 16, 1976 issue of the Kingsport Times-News, a Kingsport newspaper, which placed emphasis on the monetary benefits to be directly gained from receiving VA benefits over the cost of the course, rather than the declared goals of the course or courses.

On May 27, 1976 we wrote the school a letter requesting that they cease this type of advertising within 30 days or to show cause in writing why further enrollments of veterans and other eligible persons should be approved.

On June 7, 1976 a letter was received from the Vice President of the school, Mr. Ronald H. Cosby, stating that they did not realize that the advertisement was in violation of Veterans' Administration, regulations. Mr. Cosby stated that their advertising contract with the Kingsport Times-News would run out on June 6, 1976 and that the school would not place this ad in any paper after June 6, 1976.

We feel this meets the requirements of Veterans' Administration regulations and DVB Circular 20-76-26.

R. S. BIELAK, *Director.*

To: Veterans' Administration Central Office, Washington, D.C.
From: Veterans' Administration Regional Office, Buffalo, N.Y.
Subject: Report on erroneous, misleading, or deceptive advertising sales or enrollment practices DVB Circular 20-76-26 (RCS 22-14).

Number of cases in which action was taken by regional office or State approving agency regarding misleading advertising FY 76-2.

The following schools were found to be using advertising which in the opinion of VARO Buffalo, New York Department of Education/Bureau of Veterans Education (SAA) was deceptive:

(A) Bryant and Stratton Business Institute, 1028 Main Street, Buffalo, N.Y.

A TV ad was noted which indicated that VA educational benefits had recently been increased by 22 percent SAA was notified by the educational liaison specialist by telephone on 2-5-76 the ad was restructured to put the main emphasis on the quality of education and not geared to the recruitment of veterans.

(B) National Tractor Trailer School, 221 W. Division Street, Syracuse, N.Y.

National Tractor Trailer School had an ad in the help wanted section which was considered to be misleading by the State approving agency the school rescinded the ad and promised to submit all advertising to the State approving agency for clearance before release.

To: Veterans' Administration Central Office, Washington, D.C.
From: Veterans' Administration Center, Sioux Falls, S. Dak.
Subject: Evaluating and processing allegations of erroneous, misleading or deceptive advertising, sales, or enrollment practices, RCS 22-14.

The following report is submitted, reference DVB circular 20-76-26.

1. J. M. Saddlery Saddlemaking School, Whitewood, SD 57793 was contacted by our office May 26, 1976, concerning a leaflet furnished by the school to prospective students which contained a paragraph that inferred a large number of firms were interested in hiring their graduates.

2. The school replied May 28, 1976, that no graduates were referred to or employed by the firms and they were crossing out this particular paragraph on their present supply of leaflets and will omit the paragraph on future printings.

3. On June 3, 1976, our office requested the school to furnish the VA a copy of the future printing.

4. This case will be monitored for school compliance in this area.

5. No other instances of violations of 38 U.S.C. 1796, added by Public Law 93-508, were noted during fiscal year 1976.

VETERANS' ADMINISTRATION,
Muskogee, Okla., July 7, 1976.

Subject: Report of erroneous, misleading, or deceptive advertising, sales, or enrollment practices, RCS 22-14.

FIELD DIRECTOR, AREA 3 (223B),
Veterans' Administration Central Office,

The following information is submitted as directed by DVB Circular 20-76-23.

1. *Name and address of school.*—American Automation Training Center, Standard Technical Institute, and National Meat Packers Training, all of 3435 Broadway, Kansas City, Missouri 64111. All three schools are owned by Coleman American Education Services, Incorporated, of the same address.

a. *Summary of facts.*—(1) Certifications by unauthorized persons, that is, apparently forged signatures and signatures of persons not authorized to sign the forms.

(2) Payments to students for obtaining additional enrollments.

(3) Acceptance of students without proper affirmation procedure.

(4) Misleading and false statements to prospective students.

b. *Disposition of case.*—Report of investigation furnished to the Oklahoma State Accrediting Agency and the Veterans' Administration Regional Office having jurisdiction over the school—VA Regional Office, St. Louis, Missouri.

2. *Name and address of school.*—Sales Training of San Diego, 4305 Gesner Street, San Diego, California 92117.

a. *Summary of facts.*—(1) Employment of unlicensed salesmen.

(2) Salesmen completed lesson examinations for veterans and servicemen to expedite VA payments.

(3) Obtaining signatures of applicants on Affirmation and Certification of lessons completed forms when enrollment contract was signed.

(4) Obtaining student's signatures on blank answer forms at time of enrollment.

(5) Possible forgery of some documents and possible fraudulent use of a facsimile stamp to certify enrollments and completions.

(6) Completion of veterans' or serviceman's lesson examinations by employee's wife.

(7) Sale of correspondence course without advising students that course was a combined correspondence—residence course.

(8) Giving away courses to non-veterans to meet the 85-15 percent ratio.

(9) Discounting the course to veterans and servicemen so that the VA pays 100 percent of the cost.

(10) Payment to military personnel for assistance in recruiting students.

(11) Salesmen furnishing false information in order to secure enrollments.

b. *Disposition of case.*—Report of investigation furnished to the FBI, Oklahoma City, Oklahoma; Oklahoma State Accrediting Agency; and the VA Regional Office having jurisdiction over the school, VA Regional Office San Diego, California.

W. TROY BAKER, *Director.*

VETERANS' ADMINISTRATION,
Indianapolis, Ind., July 7, 1976.

Subject: Misleading or deceptive advertising, sales or enrollment practices—RCS 22-14.

FIELD DIRECTOR, AREA 3 (223B),
Veterans' Administraion Central Office,
Washington, D.C.

1. The only allegation of erroneous, misleading or deceptive advertising, sales, or enrollment practices during Fiscal Year '76 was issued against United Systems, Inc., 1600 West Oliver, Indianapolis, Indiana.

2. After a review of the findings and recommendations of the Committee on Educational Allowances based on a hearing held March 4 to 15, 1976, it was determined that there was no significant evidence of maladministration on the part of the school.

3. All evidence presented during the VA Regional Office hearing has been forwarded to Central Office for their hearing scheduled July 9, 1976.

JAMES D. CROWE, *Director.*

VETERANS' ADMINISTRATION,
New Orleans, La., July 9, 1976.

Subject: Summary of evaluating and processing allegations of erroneous, misleading or deceptive advertising, sales of enrollment practices. DVB circular 20-76-26/RCS 22-14.

FIELD DIRECTOR, AREA 2 (201B/223B),
Veterans' Administration Central Office,
Washington, D.C.

1. In September, 1975 the Veterans' Administration was made aware of what we considered deceptive advertising by the University of New Orleans, Lakefront, New Orleans, Louisiana 70122, on public transportation vehicles in the city. The advertisements stressed the maximum amount of money a veteran may be entitled to in accordance with the law. It was felt that the maximum would be an amount a veteran would receive in a very unusual situation and much more than the average could receive. We referred this matter to the State Approval Agency for possible violation of 38 U.S.C., Section 1796. The State Approval Agency contacted the school officials regarding this matter and the advertisements were removed from all public transportation. In view of the school's action, both the Veterans' Administration and State Approval Agency considered the matter closed.

2. On November 5, 1975, the office of Consumer Protection, State of Louisiana advised the Veterans' Administration of an anonymous complaint concerning the C.B.M. Educational School's deceptive advertising. This school is located at 2840 Florida Blvd., Baton Rouge, Louisiana 70802. The school ran two ads in the yellow pages of the phone book in Baton Rouge. One ad showed all courses in the medical technology field were approved for veterans' training. None of those shown were approved. The other ad showed six courses, one of which was not approved for veterans' training as stated. This matter was referred to the State Approval Agency who contacted the school officials and they advised the State Approval Agency representative that the erroneous advertising would be eliminated from the next edition of the yellow pages. Both the Veterans' Administration and the State Approval Agency have checked the current yellow pages and the advertisements have been corrected to the satisfaction of both our agencies.

3. All future matters regarding deceptive advertising will be handled in accordance with the subject circular. Both of the cases cited above were noted prior to receipt of the circular.

ANTHONY R. LENTINI, *Director.*

VETERANS' ADMINISTRATION,
Washington, D.C., July 12, 1976.

Subject: Evaluating and processing allegations of erroneous, misleading, or deceptive advertising, sales, or enrollment practices—RCS 22-14.

FIELD DIRECTOR, AREA 1 (223B),
Veterans' Administration Centrcl Office,
Washington, D.C.

1. Beacon Flying Service, Inc., Clinton, Maryland; Montgomery School of Beauty Culture, Silver Spring, Maryland; and Brookwein Institute, Washington, D.C., have been cited for the use of the terminology, "VA Approved" in their advertising. Southeastern University, Washington, D.C. was cited by VA Central Office for advertising direct to veterans and focusing primarily upon the monetary benefits veterans will receive by enrolling with the school.

2. A registered letter was sent on June 10, 1976, to the first three schools mentioned above, requesting they report to this office within thirty days concerning action taken to correct these discrepancies. Ms. Chandler, from VA Central Office, is monitoring the situation at Southeastern University.

3. A reply has been received from Brookwein Business Institute indicating they have directed their advertising agency to correct their ads to conform with the requirements of the law.

JOHN P. TRAVERS, *Director.*

VETERANS' ADMINISTRATION,
Boston, Mass., July 8, 1976.

Subject: RCS 22-14, DVB Circular 20-76-26.

FIELD DIRECTOR, AREA 1 (201A/223B),
Veterans' Administration Central Office,
Washington, D.C.

The following schools were noted to have questionable advertising practices:

Fisher Junior College, 118 Beacon Street, Boston, MA 02116—Emphasis on monetary gains.

Newbury Junior College, 921 Boylston Street, Boston, MA 02115—Emphasis on monetary gains.

Quincy Junior College, 52 Coddington Street, Quincy, MA 02169—Emphasis on monetary gains.

Northeast Institute of Industrial Technology, 41 Phillips Street, Boston, MA 02114—Emphasis on monetary gains.

Lee Institute, 310 Harvard Street, Brookline, MA 02146—"VA Approved" statement in advertisement.

Grahm Junior College, 632 Beacon Street, Boston, MA 02215—"Accredited by VA" statement in advertisement.

The schools agreed to change advertising in each case. A meeting was held in the Regional Office to discuss advertising practices with school officials from Newbury Junior College and Fisher Junior College These school officials agreed to change advertising and in fact advertising was changed.

WILLIAM F. CONNORS, *Director.*

VETERANS' ADMINISTRATION,
Providence, R.I., July 8, 1976.

Subject: RCS 22-14—Evaluating and processing allegations of erroneous, misleading, or deceptive advertising, sales, or enrollment practices—DVB circular 20-76-26.

FIELD DIRECTOR, AREA 1 (223B),
Veterans' Administration Central Office,
Washington, D.C.

1. In fiscal year 1976 we had only one applicable case. It involved the advertising practices of Johnson & Wales College, Providence, Rhode Island. The college ran an advertisement in the Providence Sunday Journal on January 4, 1976 indicating that VA Educational Benefits would terminate in June 1976. It also indicated that a "Veteran's Educational Bonus" was available. Because both statements appeared without any qualifying language, we wrote to the State Approving Agent, requesting corrective action, viewing these statements to be misleading and erroneous. After additional correspondence with the State Approving Agent and discussions with college officials, they agreed to revise their advertising to reflect that educational benefits would terminate only for veterans discharged between February 1, 1955 and June 1, 1966, or (10 years after discharge whichever occurred later), and that the bonus promotion was to be eliminated. When queried about what bonus they were referring to in their advertisement, college officials indicated it was the excellent educational program which veterans would be exposed to in attending Johnson & Wales College.

2. During these discussions, the college's advertising agency contacted us to clarify a proposed advertisement that emphasized the monetary benefits to be derived from attending Johnson & Wales College. We advised them that this was contrary to DVB Circular 20-76-26 and realizing this, they dropped the proposed advertisement.

3. Subsequent advertisements have been acceptable.

ELLIS H. HALL, *Director.*

VETERANS' ADMINISTRATION,
Newark, N.J., July 2, 1976.

Subject: Summary report required by DVB circular 20-76-26 RCS 22-14.

FIELD DIRECTOR, AREA 1 (201A/223B),
Veterans' Administration Central Office,
Washington, D.C.

The advertisement of Bloomfield College, Bloomfield, New Jersey was found to be in violation of 38 U.S.C. 1796. The officials of the school were contacted and they willingly agreed to modify the advertisement immediately as to monthly extra tax free income.

JAMES R. PURDY, *Director.*

VETERANS' ADMINISTRATION,
Seattle, Wash., June 30, 1976.

Subject: Fiscal year 1976 summary report of actions taken in accordance with DVB 20-76-26 (RCS 22-14).

FIELD DIRECTOR, AREA 4 (223B),
Veterans' Administration Central Office,
Washington, D.C.

1. During fiscal year 1976 VARO Seattle undertook an investigation of one allegation of erroneous advertising and deceptive sales or enrollment practices.

2. The investigation is currently being conducted with reference to: Prometheus College, P.O. Box 99668, Tacoma, WA 98499.

3. The summary of facts is as follows:

A. On April 20, 1976 the Washington State Approving Agency informed VARO, Seattle that it had approved Prometheus College for veterans training.

B. VARO, Seattle notified the State Approving Agency and the school by phone that acceptance of the approval was being withheld pending a determination if the school's courses were independent or resident study.

C. Reviews by VARO Seattle and the Veterans' Administration Central Office concluded that the approval was not acceptable because the requirements of Veterans' Administration Regulation 14280(B) were not met. The school's courses constituted independent study.

D. The school and the State Approving Agency were notified by VARO, Seattle on May 20, 1976, that the approval of the schools degree granting courses could not be accepted because of the independent study nature of the program. In addition, the school was informed that its courses in police science and its continuing education courses would have to be submitted for approval as vocational programs.

E. A review of the school's advertising, and reports gathered from military base education officers throughout the country, indicate that the school has continued to advertise as being approved for veterans benefits, in spite of this determination.

F. On June 18, 1976 VARO Seattle informed the school in writing that their advertising, sales and enrollment practices showed probable cause to be found erroneous and misleading. The school was given 30 days in which to correct these practices.

4. The school has until July 18, 1976 to respond to the letter from VARO Seattle. Since the approval has not been accepted and no awards for educational assistance allowance have been prepared, suspension of benefits is not an issue.

5. An additional report will be submitted on the resolution of this matter.

RICHARD F. MURPHY, *Director.*

Chairman Hartke. As you know, there were a number of abuses, and in response to those abuses Congress enacted provisions of the GI bill disqualifying from participation in the program any institution which "utilizes erroneous, deceptive or misleading advertising, sales or enrollment practices of any type." A recent series of articles by the Chicago Tribune on vocational schools together with information which has been received by the Committee staff indicates that there continue to be serious problems with deceptive or misleading advertising by many schools.

I wonder if you can give us any indication what you have done to discourage or disqualify schools who engage in such deceptive practices?

Mr. Wilson. We have made considerable efforts in this regard, Mr. Chairman. I would like to ask Mr. Thornton to give you the details.

Mr. Thornton. We are going to the regional offices with specific instructions as to what to look at in the cases of those schools which were cited in the Chicago Tribune and we are preparing or asking for reports back on that and we will prepare a report to you.

Chairman Hartke. How long will it take you?

Mr. Thornton. It should not take too long, probably within the next couple of months.

Mr. Wilson. We have been very concerned, as you know, Mr. Chairman, about these kind of stories and the facts that have been disclosed by them.

We, too, have been making our own inquiries in some areas. I make some reference to that in my statement.

Chairman Hartke. Can we have that by December 1?

Mr. Wilson. I think so, Senator.

Chairman Hartke. I will expect to receive it then. In the meantime, I will insert in the record at this point a statement I made on the floor of the Senate concerning this together with the series by the Chicago Tribune.

[The material follows:]

[From the Congressional Record, Senate—Wednesday, July 9, 1975]

Consumer Protection and Veterans Educational Training Programs

Mr. Hartke. Mr. President, as chairman of the Senate Committee on Veterans' Affairs, I have for some time been concerned that Veterans' Administration educational assistance benefits be paid only for the purposes that Congress intended and that veterans obtain the educational and vocational objectives they seek. While the current program for Vietnam-era veterans has, I believe, been a successful one which has and will continue to return high dividends to the Nation, a number of problems have been encountered during the past several years, which have occasioned amendments first, in Public Law 92–540 and subsequently in Public Law 93–508, the Vietnam-Era Veterans' Readjustment Assistance Act of 1974. I might add that these problems continue as a recent series in the Chicago Tribune concerning certain vocational schools has revealed.

Among the amendments adopted unanimously by the House and Senate last year, were provisions disapproving veteran enrollment in any institution which utilizes advertising sales, or enrollment practives of any type which are erroneous, deceptive, or misleading, either by actual statement, omission, or intimation. Also as a condition of continued eligibility schools offering vocational objective programs must demonstrate that at least 50 percent of their available course graduates in a preceding 2-year period have obtained employment in the occupation for which trained.

Because there has been considerable interest expressed recently concerning these provisions and their legislative history, I believe it appropriate and useful to insert in the RECORD relevant excerpts from the Senate committee report to these provisions, the report of the committee of conference, and those provisions of title 38, United States Code, concerning the subject which were amended by Public Law 93-508. Accordingly, I ask unanimous consent that they be printed in the RECORD.

There being no objection, the material was ordered to be printed in the Record, as follows:

[Excerpts from Senate Report No. 93-907 of the Senate Committee on Veterans' Affairs, to accompany S. 2784, June 10, 1974]

* * * * * * *

BACKGROUND AND DISCUSSION

* * * * * * *

Controls to prevent abuses

S. 2784, as reported, contains a number of safeguards to prevent abuses of the veterans' educational assistance program. The Committee is aware of and shares the deep concern of certain senior and influential members of Congress about abuses of the G.I. bill program in general and the anticipated problems associated with the payment of a partial tuition assistance allowance. In response to these concerns, a number of specific controls with respect to the tuition payment system were adopted to reduce the possibility of abuse. Additionally, ample discretionary authority is granted to the Veterans' Administration to prescribe such rules and regulations as are "necessary to implement and prevent abuses of the program for payment of partial tuition assistance allowances." There are also a number of Federal criminal statutes presently in existence which would be applicable to any person or institution which acted to abuse the program.

At the same time, it should be noted that while it is true that any increase in the amount of Federal funds a veteran has available to purchase services will serve as a strong economic incentive for certain schools to seek out and enroll these veterans, the Committee believes that the basic problem is not in the level or manner of payment of Federal funds. Rather, the fundamental problem rests either with the quality of services offered or with deceptive erroneous or misleading advertising, sales, or enrollment practices. In the first instance, lack of effectiveness in the basic approval process to qualify institutions for VA payments can result in Federal expenditures for inferior services. An example would be vocational objective courses which do not qualify the veteran to obtain the job for which he trained. In an extensive investigative reporting series concerning the vocational school industry, the Boston Globe's Spotlight Team concluded, for example, that:

> [T]he career-training field has been cornered by a profit making school industry which is dominated by a fast-buck mentality that sees students as dollar signs.
>
> This highly profitable, publicly subsidized market has exploded in the past five years spawning a plethora of unscrupulous correspondence and resident "career" schools that take the money and ignore the student.
>
> . . . [T]he Spotlight Team . . . found the private correspondence and resident trade schools surveyed to be selling expensive, virtually worthless courses.

In the second situation illustrating the basic opportunity for abuse, institutions of their employees which utilize advertising, sales, or enrollment practices making oral or written claims which are erroneous, deceptive, or misleading—either by actual statement, omission, or intimation—deny the veteran accurate, useful information necessary for him to compare and make an informed judgment about possible enrollment in a course.

The Committee believes that the recent proceedings of the National Invitational Conference on Consumer Protection in Post-Secondary Education, the long investigative series on vocational schools conducted by the Boston Globe, the draft report of the Brookings Institution Study for the Office of Education entitled "Private Accreditation and Public Eligibility," and the Federal Trade Commission's File No. 722-3149 covering practices and performance of the proprietary vocational and correspondence school industry to which the Committee was granted access, all chronicle the problems mentioned and confirm the foregoing analysis.

The Brookings study, like the 1972 Newman Report on higher education which preceded it, raised important questions concerning the reliance upon "accreditation" as a key to eligibility for public funds. The preliminary draft study quotes an unidentified Federal official as saying:

> Direct and indirect Federal financial support . . . has played a major role in the growth of the private vocational school industry with only the most minimal safeguards . . . Thus, the Government itself has underwritten the development of school abuses and has a major responsibility to ensure that the abuses of the industry are reformed.

As a consequence, the reported bill clarifies and extends VA authority consistent with the objective of avoiding abuses. Statutory authority has been tightened and generally made applicable to schools regardless of whether they are "accredited or nonaccredited." In this connection, the Committee concurs with the 1970 testimony of the Veterans' Administration on the Federal Trade Commission's proposed guides for private vocational and home-study schools, which concluded:

> There is a need for guidelines to be established which would control the content and the operation of the courses of education which are offered by the schools, accredited and non-accredited. *These guidelines should be over and above those established by the National Home Study Council and National Association of Trade and Technical Schools.*

Additionally, the reported bill clarifies and strengthens the law with respect to the Administrator's authority to disapprove enrollment of veterans in institutions which utilize advertising, sales, or enrollment practices which are erroneous, deceptive, or misleading and provides for greater coordination with the Federal Trade Commission.

* * * * * * *

Veterans' training by correspondence

As part of its continuing legislative oversight activities, the Committee requested the General Accounting Office to examine the implementation and operation of amendments to the title 38 provision governing training programs by correspondence made in 1972 (Public Law 92–540). Those amendments provided for full disclosure of the obligations of both the institutions and the veteran as well as a 10-day mandatory cooling-off period following which there must be a written affirmation by the veteran before he becomes financially obligated in any way. Public Law 92–540 also required correspondence schools to refund tuition to veterans who terminate prior to course completion on a lesson-completed basis rather than time-elapsed basis.

At the request of the Committee, the General Accounting Office examined the implementation of these provisions at eight correspondence schools. These schools (all accredited by the National Home Study Council) as of December 31, 1973, had a combined veteran enrollment of 180,000 or 63 percent of the 288,000 veterans enrolled in correspondence training nationwide under the GI bill. In addition to talking with school officials and examining student files, the General Accounting Office also contacted on a random selection basis, 160 veterans or 20 from each school, evenly divided between current enrollees and veterans who had discontinued the training before course completion. In its report to the Committee, the General Accounting Office found that the schools they visited were:

> . . . generally adhering to the major provisions of Public Law 92–540. For the most part contracts and refund policies have conformed to the requirements of the law.
>
> In summary, we did note the following:
>
> Certain actions by the schools did not appear to fully comply with the spirit and intent of the law.
>
> The VA could take action in some instances to facilitate compliance with the law.
>
> There is confusion as to how to precisely compute the ten day period for reconsideration of enrollment.
>
> The wording on the VA affirmation forms seems to be confusing.
>
> At two of the eight schools, veterans had to notify the schools of their intent to cancel at least twice before refund would be made.

At one school collection letters were sent to the veterans indicating the refund provision would be canceled unless tuition payments were made.

13 percent of the veterans we talked to stated they were not aware the VA would pay for only 90 percent of the cost of the course.

20 percent of the veterans indicated they did not fully understand the school's refund policy.

A good number of the problems just noted are, according to the General Accounting Office, directly connected either with "unclear wording on the affirmation form" or in the "methods of delivery of affirmation forms to the veterans." The official affirmation form developed and distributed by the Veterans' Administration is as follows:

I have read and I understand the enrollment agreement that I entered into with the above named school and the date indicated in item four. I hereby affirm such enrollment agreement and certify under penalty of law that I have not signed this affirmation until after the expiration of 10 days from the date I signed the aforesaid enrollment agreement. (VA form 22–1999 C).

Investigators found two schools used exact copies of the VA form while the other six were using their own forms (apparently in contravention of VA regulations). In its report to the Committee the General Accounting Office observed:

The wording of both the VA and school designed form may confuse the veteran. Neither form states that the purpose of the affirmation is to allow veterans time to reconsider their decision to enroll. One-third of the veterans were contacted who remembered signing affirmation forms told us they did not understand the purpose of the document.

Thus, in order to clearly effectuate the intent of the law the Committee (based upon the information supplied by the General Accounting Office) directs that the Veterans' Administration rewrite the affirmation form and ensure that it is utilized by all correspondence schools enrolling eligible veterans, wives, or widows. The affirmation form should clearly reflect the intent of the law that the veteran has at least 10 calendar days after signing the contract to reconsider his decision to enroll in the correspondence course, and further that the veteran is not financially obligated in any way unless he reaffirms those intentions following the 10-day "cooling-off" period.

The Veterans' Administration should also take appropriate steps to ensure that sales representatives do not distribute or secure the veteran's reaffirmation when he *initially* signs the enrollment agreement (*or shortly thereafter*). The affirmation form should be executed only following the expiration of the ten-day period.

Additionally, in light of the fact that a significant number of veterans were not aware that the VA paid for only 90 percent of the cost of the course or did not fully understand the schools' refund policy, the Committee also strongly believes that readily understandable information concerning both of these matters should be included on the affirmation form.

The Committee is particularly disturbed by the report of the General Accounting Office which indicates that schools were slow in making refunds to those who terminated the course and in certain circumstances would not make a refund to a non-affirmed veteran upon the receipt of the first notification to cancel. These schools required at least two notices to cancel and if the veterans did not respond, enrollment was canceled but no refund was made. Thus, the committee has found that the affirmation notice should clearly indicate the conditions under which refunds are made and that the Veterans' Administration should take necessary administrative steps to ensure that all institutions promptly refund monies within 30 days following receipt of notification to cancellation or nonaffirmation by the veteran.

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SECTION-BY-SECTION ANALYSIS AND EXPLANATION OF S. 2784, AS REPORTED

* * * * * * *

SECTION 204

Clause 1 amends section 1673(a)(2) to expand the provisions of the section to apply to all courses with a vocational objective the existing minimum 50-percent placement requirement. This amendment is consistent with current VA authority and administrative practice which requires, as a condition of initial or continued approval for VA payment, that a substantial number of vocational course graduates obtain employment in the occupation for which the course trained them. A "program of education" is defined in section 1652(b) as a course of study or training "which is generally accepted as necessary to fulfill requirements for the attainment of a predetermined and identified educational, professional, or vocational objective." The Veterans' Administration, Department of Veterans' Benefits, Program Guide for the Implementation of Regulations under title 38 states in pertinent part that:

> Any program not leading to a high school diploma, a college degree, or a postdoctoral certificate from an accredited college or university must lead to a vocational or professional objective. A vocational or professional objective is a recognized occupation that is listed in the Dictionary of Occupational Titles or one that is subject to listing therein. . . . A vocational school course may be authorized for an occupational objective if graduates of the course generally qualify for employment in the stated job objective. If there are licensing requirements in the State for the occupation, completion of the course must meet the requirements for taking the licensing examination. If completion of the course will not meet the requirements for taking the licensing examination, the vocational course should not be authorized as a program of education. If there are no licensing requirements, completion of the course must be generally recognized by prospective employers as qualifying for employment in the State occupation. If graduates of the course can not obtain employment in the community where the course is given because they are not considered qualified, the vocational course should not be authorized as a program of education.

In order to determine whether a school offering a course in fact fulfills the requirement for attainment of an occupational objective, the Veterans' Administration has for a number of years instructed the State approving agencies to require that a school demonstrate that a substantial portion of its students who complete the course has in fact obtained employment in the jobs for which the course trained them. Instructions covering State Approving Agency reimbursement contract for fiscal year 1975 issued by the Veterans' Administration on March 27, 1974 (DVB CIRC 22-74-2) state for example:

> 8. *Program of Education—Vocational:* We continue to receive complaints from veterans concerning some vocational courses. The complaints generally are centered around course content, quality of the course, the instructional materials, and the fact that completion of the course is not generally recognized by industry as meeting the vocational requirements for the occupation for which the course purports to train the veteran. The State Approving Agency, in approving a course or in reviewing a course already approved, should be certain (a) that the curriculum is adequate to accomplish the training objective for which the course is designed (b) that the quality of the instructors assure competent and complete training for the vocational objective, and (c) that the course completion by itself is generally being accepted by the industry for employment purposes. For example, courses may have as their stated vocational objectives, insurance adjuster, motel-hotel manager, or computer programmer. A course leading to any one of these objectives, or any other vocational objective, should not be approved, or the approval continued unless the school can demonstrate that a substantial number of its graduates are thereby able to obtain employment in the occupations for which trained by the course.

The foregoing has been a longstanding concern of the Veterans' Administration, and, in an appearance before the Federal Trade Commission on proposed guidelines for proprietary vocational home study schools in 1970, VA officials testified that:

> A common complaint of the veterans is that of not obtaining a job upon completion of the course. They claim that it has been part of the salesman's routine to promise the veteran that the school would find him employment after he had successfully completed the course. . . .
>
> For vocational courses, employment opportunities play an important role in a student's decision to take a particular course. Students upon completion of a course in most instances are under the impression that they would then qualify for a job in their field of training. . . .

The continued complaints noted by the VA in its instructions issued pursuant to the Fiscal Year 1975 State Approving Agency contracts indicates that the requirement of substantial placement is not in fact being met.

In this connection, a recent outstanding investigative series concerning proprietary vocational institutions conducted by the Boston *Globe* found, for example, that the Massachusetts State Approving Agency was not following VA requirements concerning substantial placement. According to the *Globe:*

> In a bulletin to all its State agents in charge of approving the schools to train veterans, the VA directed the institutions show "substantial placement" of its graduates in jobs before being cleared.
>
> In Massachusetts, VA Approval Agent James E. Burke said he "just never received the bulletin" and approved 130 schools without checking for substantial placement.
>
> Veterans' complaints persisted and in May 1971, the VA sent State agents a second bulletin, again requiring information from the schools about jobs obtained. Burke got this bulletin and "immediately implemented it by requiring 50 percent placement."
>
> Burke's records show, however, that he misrepresented the VA directive, completely nullifying its effect. Instead of requiring a school to show that half of its entire graduating class were placed in related jobs, Burke only asked the school to submit the names of half the graduates who had found jobs. This sometimes meant that the names of three placed graduates won approval for a school and, even then, the school's word was taken on faith.

The *Globe* further found that claims of high job placement by school salesmen for many vocational schools were at considerable variance with the actual facts. While the *Globe* found that area public vocational schools consistently had high job placement ranging from 62 percent to 95 percent, many profit-making vocational schools had very poor placement rates. The series cited a proprietary school offering courses which trained dental assistants in which only 22 percent of its students had found jobs. The *Globe* also quoted a knowledgeable former employee of another school as saying that a survey by a proprietary vocational school found that 70 percent of the graduates of the school's medical and dental assistants courses and over 95 percent of its broadcasting graduates had *not* found employment.

This contrasted with Northeastern University's dental assistant course in which 83 percent of its students received employment as dental assistants. Another former employee of a computer school is quoted as saying that only 50 percent of the school's enrolled students graduated and of its graduates only 10 percent had gotten "decent jobs." Again, by contrast, a public regional technical school in the same area revealed that 82 percent of the students who enrolled had completed its data processing course and that, of that number, 95 percent were placed in jobs for which they were trained.

The Committee believes that reputable public and private institutions offering vocational objective programs should not encounter any difficulties with the amendments made by this section. Information obtained from the fiscal year 1972 annual reports of the States to the Office of Education pursuant to the Vocational Education Act of 1963, as amended, reveal that 62.6 percent of the graduates of those public post-secondary vocational schools utilizing Federal funds under that 1963 act secured full-time employment in the field for which they were trained. It should also be noted that the completion rate for all these courses exceed 70 percent. The following table shows placement percentages for such public post-secondary vocational schools in various specific occupational categories grouped by broader generic classifications:

TABLE 14.—FISCAL YEAR 1972 PLACEMENT OF STUDENTS COMPLETING POST-SECONDARY VOCATIONAL EDUCATION PROGRAMS UNDER THE VOCATIONAL EDUCATION ACT OF 1963, AS AMENDED

Occupations	Completions	Employed full time	Placement percentage
Agriculture	8, 622	5, 446	63. 2
Distributive education	26, 070	15, 891	60. 9
Health	64, 713	44, 998	70. 1
Home economics	8, 688	4, 752	54. 8
Office	88, 916	53, 625	60. 3
Technical	40, 990	23, 985	58. 5
Trade and industry	89, 641	55, 351	62. 4
Total	327, 100	204, 948	62. 6

Similarly, a 1972 in-depth study of students in the Texas Community College system enrolled in post-secondary vocational education conducted by the Specialty Oriented Student Research System found that 75.3 percent of its graduates were employed in training-related jobs. The following table shows the results of the survey (which was taken 7 months following completion of training) broken down by veterans and nonveterans:

TABLE 15.—PERCENTAGE OF EMPLOYED GRADUATES OF TEXAS PUBLIC VOCATION EDUCATION PROGRAMS IN TRAINING-RELATED JOBS, 1972

Student	Number	Percentage
Veterans	288	69.5
Nonveterans	1,019	76.8
Total	1,247	75.3

The new provision in the reported bill would thus require evidence that at least half of the veterans completing the course within the most recent two-year period were in fact employed in a specific occupational category for which the course was designed to provide training. Obviously, a course which purports to train veterans to become operators of large earthmoving equipment with high paying salaries will not fulfill this requirement if a graduate obtains employment at a much lower salary in which the only earthmoving equipment he utilizes is a hand shovel as a manual laborer. To cite other examples, there are large differences in specific occupational categories (as well as in salaries) between "computer programmers" and "key punch operators," between large diesel semitruck operators and local delivery men. As the Veterans' Administration Veterans' Benefits Program Guide currently directs:

> School officials, applicants, and job establishment officials sometimes state the occupational objective at a higher level than it is possible for the trainee to reach as a result of completing the program. A Certificate of Eligibility should not be issued for an objective unless the program outlined will qualify the eligible veteran or person for employment in the occupation without additional training.
>
> The Veterans' Administration Liaison Representative and the State approving agency officials should assist schools and establishments in identifying the appropriate vocational objective for each approved program. When a program does not provide sufficient training to qualify a person for a skilled journeyman job, it may be that a lower level job can be established as the objective. An example would be "Electrician Helper, DOT Code 829.887" for a lower level course and "Electrician DOT Code 824.281" for a higher level course.

Thus, it is intended that the amendment in the reported bill provided for in this section should accomplish two results. First, to ensure that the school would be approved only if it could demonstrate that at least one-half of its graduates have in fact obtained employment for the specified vocation for which the course had trained them. Second is to ensure that the institution accurately states to the prospective veteran enrollee what in fact is the actual and reasonably anticipated vocational objective of the course.

The Committee also wishes to emphasize that, as a supplement to the amendments made by this section, the VA should continue to exercise its general authority to ensure that any course offered qualifies as a "program of education" under section 1652(b). To do so, the course must be generally accepted as necessary to fulfill requirements for the attainment of a vocational objective.

To be "generally accepted," a course must be recognized by government or industry as providing the quality and quantity of training to furnish the skills needed to perform the job, and the course must be a proven means of acquiring such skills. If, for example, the customary method of training in a geographical area for a particular job is by apprenticeship, a school's course purporting to lead to the same objective may not be considered as "generally accepted" unless there is clear evidence that the course definitely qualifies the trainee for a specific occupation.

If training for a particular job is customarily furnished by the employer and little or no weight is given school training for such job by employers in the industry, such a school course may not be considered as "generally accepted."

If a job requires a license, the course must satisfy all of the educational requirements for licensure before it may be considered "generally accepted." If licensure is by examination, the course must have any approval required for the examination. For example, the only school courses that qualify an individual to take an aircraft mechanic license examination are those certificated by the Federal Aviation Administration. A noncertificated course may not be considered as "generally accepted" under section 1652(b).

Any prerequisite to obtaining the job other than the training itself must be a prerequisite to or part of taking the course. For example, if employers customarily require a high school diploma for a particular job, any course purporting to train for that job must include a high school diploma as an entrance requirement.

A course must fulfill requirements for the attainment of the objective. This means that it must fulfill all requirements. The course must be complete and must provide all of the training needed, so that a graduate will be qualified to perform the job for which he is trained. On the other hand, if a job requires little or no training, a course leading to that job objective is not "generally accepted" as necessary.

Additionally, the VA should ensure that the State Approving Agency actually do determine that a course is in fact generally accepted as necessary by *prospective employers*. Employers should be asked specifically what weight, if any, they would give the course in considering an application for employment.

Clause 2 would amend paragraph (3) of section 1673(a) to provide that the Administrator shall not approve the enrollment of an eligible veteran in any course if he finds the advertising for the course contains significant avocational or recreational themes. Section 1673(a)(3) currently directs the Administrator not to approve for VA payment the enrollment of veterans in "any type of course which the Administrator finds to be avocational or recreational in character" with certain exceptions if the eligible individual can submit justification that the course will be of "bona fide use in the pursuit of his present or contemplated business or occupation." Among the courses which the Veterans' Administration currently "presumes" to be avocational or recreational in character are any photography or entertainment course, any music course, instrumental or vocal public speaking courses, and courses in dancing or sports or athletics (such as horseback riding, swimming, fishing, skiing, golf, baseball, tennis, bowling, sports officiating or other sport or athletic courses).

Given the foregoing, the Committee has been quite concerned about the recent proliferation of extensive two-page color advertisements in national magazines by institutions seeking to enroll veterans which stress recreational or avocational themes. Certain correspondence schools (accredited by the National Home Study Council) enrolling eligible veterans advertise "home entertainment electronic" systems courses in which veterans are told, among other things, that "you'll be dynamite" and "do it for fun."

In order to gain approval by a State Approving Agency and to avoid the statutory prohibition of section 1673(a)(3), these correspondence courses assert they are designed to equip the veteran with a particular vocational skill in order to earn his livelihood, such as a TV repairman, for example. While the courses offered may, in fact, furnish the skills needed to obtain that vocational objective (although completion rates are distressingly low and there is little available specific information as to the subsequent employment history of its students) the advertising for these courses is often at variance with its stated intent. These advertisements suggest in a variety of subtle and not so subtle ways that enrollment in the course (which typically costs about $1,500), will enable the veteran to obtain valuable merchandise such as a 25-inch color television set which the veteran can assemble in his spare leisure time, and which is principally to be paid for by the Veterans' Administration. In addition, the advertising will often typically note that the veteran can acquire skills that will enable him to repair his personal electronic equipment or will present an "opportunity" to obtain "part-time" (i.e. avocational) income.

Of course, the Committee wishes to emphasize that there is nothing intrinsically wrong with avocational or recreational objectives. But, if that is an intended purpose of the course, then it is clear that payment by the Veterans' Administration to enrolled veterans is not authorized under title 38, United States Code. It is further evident to the Committee that even if the course is not avocational or recreational in character the Administrator should not approve enrollment of veterans in the course if the advertising or enrollment practices contain significant avocational or recreational themes. In those cases, either the advertising is misleading, deceptive, or erroneous as to the true nature of the course offered or it accurately reflects the avocational or recreational character and intent of the course. In either event, the Committee believes that the expenditure of Federal funds would be at variance with the intent and purpose of this program.

The Veterans' Administration is unable to estimate the prospective savings that would result if this provision is enacted.

Clause 3 would amend section 1673(d) to extend to accredited courses the statutory prohibition in certain circumstances against VA approval of enrollment of eligible veterans in nonaccredited courses not leading to standard college degrees. Currently, subsection (d) directs the Administrator not to approve the enrollment of any veteran (not already enrolled) in any nonaccredited course below college level offered by a proprietary profit or proprietary nonprofit educational institution where more than 85 percent of the eligible students are wholly or partially subsidized by the VA or the institution.

This section, which was first enacted by Congress when it authorized the Korean Conflict GI Educational Assistance Program in 1952 under Public Law 82-550, was an outgrowth of recommendations of the House Select Committee To Investigate Educational Training and Loan Guarantee Programs Under the GI Bill which issued its report in February 1952. The House Select Committee, chaired by the Honorable Olin E. Teague, looked extensively into the abuses and problems which plagued the World War II GI bill program in concluding that "a new act should be written extending educational benefits to veterans who served during the Korean conflict." It recommended in part that:

> 4. Enrollment of veterans in institutional training should be limited to courses offered by public schools and colleges, or to courses in private schools which have been in successful operation for at least one year and which maintain an enrollment of at least 25 percent nonveteran students.

The result of this recommendation was the enactment of section 1673(d). Reviewing the legislative history and intent of this section, it is evident to the Committee that Congress was concerned about schools which developed courses specifically designed for veterans with available Federal monies to purchase such courses. At the time that section was enacted the veterans educational assistance program was, of course, the prime (if not sole) source of Federal funds that could be utilized by students who enrolled in such courses. The ready availability of these funds obviously served as a strong incentive to some schools to enroll eligible veterans. The requirement of a minimum enrollment of students not wholly or partially subsidized by the Veterans' Administration was a way of protecting veterans and allowing the free market mechanism to operate. That is, the price of the course was also required to respond to the general demands of the open market as well as to those with available Federal monies to spend. A minimal number of nonveterans were required to find the course worthwhile and valuable or the payment of VA funds to veterans who enrolled would not be authorized. As originally enacted in 1952, the 85–15 rule applied only to "nonaccredited" courses not leading to a standard college degree.

It should be noted that the use of "non-accredited" reflected the fact that at that time few, if any, proprietary below college level courses were accredited. The subsequent proliferation of accrediting agencies, such as the National Home Study Council (NHSC), the National Association of Trade and Technical Schools (NATTS), and the Association of Independent Colleges and Schools (AICS—formerly the Association of Business Schools), which have granted accreditation to the majority of proprietary below-college-level schools whose courses are approved for the enrollment of veterans, has effectively removed almost all schools from the purview of section 1673(d). For example, it is estimated that the vast majority of all veterans enrolled in courses not leading to a standard college degree offered by proprietary institutions are enrolled in "accredited" courses.

The amendment made by clause (3) of this section to include accredited as well as nonaccredited schools will once again allow the intent of this section—which the Committee approves—to be realized for more than just a small minority of the schools whose courses are approved for veteran enrollment. In this connection, it should also be noted that it has been the experience of the Committee that problems and abuses encountered under the current program are generally as prevalent among accredited as nonaccredited courses not leading to a standard college degree which are offered by proprietary institutions.

Courses offered under subchapter IV for the educationally disadvantaged and under subchapter VI for PREP are exempted from the operation of this revised section since by their very nature they are, pursuant to congressional direction, designed for enrollment of veterans and other eligible persons under this title.

As originally introduced in S. 2784, the amendment would have included in addition to counting veterans and other eligible persons subsidized by the Veterans' Administration in computing the 85-percent total, those students enrolled in the same course whose educational charges are paid by the Department of Health, Education, and Welfare under provisions of the Higher Education Act of 1965, as amended.

While the Committee believes that the inclusion of other students receiving Federal assistance is consistent with the general intent of this section as previously discussed, it believes further study of the full impact of such a revision is called for prior to further action on such an amendment. Accordingly the Committee expects the Veterans' Administration to explore jointly with the Office of Education in some detail the full impact and ramifications of this proposal or some modification thereof.

The Veterans' Administration has informed the Committee that it is unable to estimate the cost impact of section 204 because it does not currently have any information as to veteran enrollment in accredited courses which may exceed 85 percent of the total course enrollment. Accordingly, the Committee is unable to estimate the prospective savings that would result if this provision is enacted.

* * * * * * *

SECTION 215

Clause 2 adds a new section 1795 entitled "Limitations on certain advertising, sales, and enrollment practices" which clarifies and expands current VA authority. Existing law contained in section 1776(c)(10) provides that a nonaccredited course offered by an institution may be approved for the enrollment of veterans only if the appropriate State Approving Agency has "found upon investigation" that:

> (10) The institution does not utilize advertising of any type which is erroneous or misleading, either by actual statement, omission, or intimation. The institution shall not be deemed to have met this requirement until the State Approving Agency (A) has ascertained from the Federal Trade Commission whether the Commission has issued an order to the institution to cease and desist from any act or practice, and (B) has, if such an order has been issued, given due weight to that fact.

The amendment made by clause (2) would direct the Administrator not to approve for VA payment, the enrollment of any veterans under chapter 34 or eligible persons under chapter 35 in a course offered by *any* institution (accredited or nonaccredited) if it utilizes erroneous, misleading, or deceptive advertising, sales, or enrollment practices.

The concern over advertising, sales, and enrollment practices of various institutions where courses are approved for the enrollment of veterans has been a continuing one and has grown more widespread in recent years. The Veterans' Administration in testimony before the Federal Trade Commission in 1970 noted that it was "particularly pertinent to the problems encountered by the Veterans' Administration" to "assure that the prospective student will not be deceived or otherwise deprived of vital information when choosing a course. . . ." The Committee received testimony in 1972 from the Veterans' Administration outlining a number of "various questionable sales tactics or false claims." Amendments subsequently adopted by the Committee and enacted into Public Law 92-540 provided for a mandatory 10-day "cooling-off" period for prospective veteran enrollees in correspondence courses to enable the veteran a period of time absent any "high pressure" sales tactics to decide, after adequate reflection and with full knowledge of the provisions of the agreement, whether he in fact still desired to pursue that course of study. In addition, amendments in the 1972 act provided that the enrollment agreement shall "fully disclose" the obligations of the school and the veteran and that it shall "prominently display the provisions for affirmance termination, refunds, and the conditions under which payment of the allowance is made. . . ."

In hearings this year, consideration of a partial tuition assistance allowance (adopted in the reported bill) focused Committee attention on ways to avoid or reduce possible abuses. In this connection, Chairman Hartke directed a lengthy 11-page letter on March 25, 1974, to the Administrator requesting detailed information on the administration of VA benefits and on the course approval/disapproval process. The voluminous answer which was prepared by all VA Regional offices has proved helpful to the Committee in consideration of, and adoption of various amendments. The Committee was also granted access by the FTC to information and material contained in the Federal Trade Commission File No. 722–3149 which bears on the practices and performance of the proprietary vocational correspondence school industry. Finally, the investigative series on vocational schools which appeared in the Boston *Globe* has also proved helpful in documenting problems which are confronted by veterans utilizing their GI bill benefits.

As a result, the Committee has concluded that amendments to clarify and expand the law concerning the limitations on certain advertising, sales, ad enrollment practices are necessary and appropriate. The Committee wishes to make clear that these provisions apply to all schools, private or public, accredited or nonaccredited. Reputable institutions should welcome the amendments made by this section, since these amendments are designed to protect veterans against enrollment in just those schools engaging in improper practices. The business standards of the National Homes Study Council for example, provide in pertinent part:

> An advertisement or piece of promotional literature used by an accredited school must be completely truthful and must be prepared and presented with dignity and in such a manner to avoid leaving any false, misleading, or exaggerated impressions with respect to the school, its personnel, its courses and services, or the occupational opportunities for its graduates.

In a paper submitted to the National Invitational Conference on Consumer Protection and Postsecondary Education in Denver, Colorado on March 18, 1972, entitled "Suggested Advertising and Guidelines for Educational Institutions", William H. Goddard, the Executive Director of the National Association of Trade and Technical Schools (NATTS), suggested the following as a basic advertising policy for educational institutions:

> In the solicitation of students, a school should not directly or by implication, misrepresent the services it renders. All advertisements and promotional literature used should be truthful, informative and constructive and avoid conveying any false, misleading or exaggerated impressions with respect to the school, its personnel, its courses and services or the occupational opportunities for its graduates. The true purpose and nature of a school's offerings should be evident in all advertising. Every advertisement should constitute to the reader a clear statement of a bona fide offer or announcement made in good faith. It should be written to its anticipated readership, normally persons unsophisticated in the traditional word usage of the education industry. Therefore, words and emphases must be truthful and selected with extreme care.
>
> All advertising should forthrightly disclose the purpose of the advertising—that education or training, not a job, is offered, and that the advertiser is a school. If training for employment is advertised, the name and nature of the occupation for which the training is offered, as well as current and anticipated conditions and opportunities at the school and in occupational areas, may not be obscured or exaggerated.

Goddard also noted that:

> Clarity is an important element of school advertising. Advertising should be directly relevant to student solicitation and is to be written to its anticipated readership, normal persons, unsophisticated in the traditional language used in education. Therefore words must be selected with extreme care. Advertising claims that might be construed as literally true, must be literally true. If there is doubt, the burden will be on the advertiser to document the claim and prove the point. Schools should avoid the use of sensitive words that might mislead, confuse, offend, or which might be subject to easy misunderstanding or considered to have a double meaning.

The Committee believes that the amendments adopted in the reported bill are thoroughly consistent with the foregoing. A more detailed discussion of new section 1795, as added by clause (2) of section 215, follows:

§ 1795. Limitations on certain advertising, sales, and enrollment practices

Subsection (a). This subsection provides that advertisers shall not approve the enrollment of any eligible veteran or eligible wife, widow, or child in any course offered by an institution if that institution utilizes advertising, sales, or enrollment practices of any type which are erroneous, deceptive, or misleading, either by actual statement, omission, or intimation. It would not be productive, nor possible to catalogue all the possible violations that could occur under this section and the deceptive practices that have occurred in the past.

The Committee is particularly concerned, however, about a number of matters which bear further discussion. One involves the misrepresentation of the nature and quality of the training or facility or of the qualifications of the instructors. In this category fall claims about the size or experience of the school, its affiliation with well known companies or training programs, the availability of expert instructors or guest lecturers, the size of its teaching faculty, and the source and quality of its instructional materials. Deceptive practices may occur when a school indicates that the objectives of its course are one thing when in fact those graduates of the school who get jobs may get jobs that are less prestigious with less salary and with less chance for ultimate advancement than the job for which they thought they were training. Such problems are not uncommon. In response to Chairman Hartke's March 25 letter on the administration of GI bill benefits, one VA regional office reported disapproving—until the terminology was dropped—a course which was inadvertently advertised as a "Journeyman Electrician" course. In fact such objective could not be obtained without on-the-job experience after completion of the course. The Committee agrees with the Executive Director of the National Association of Trade and Technical Schools who has suggested that:

> Impressions and objectives as read in advertising must be consistent with the schools stated objectives as based on the reasonably expected attainment of typical graduates. . . . Catalogues and other brochures published by the school should clearly disclose, in advance of enrollment, normal and traditional limitations and restrictions, if any, on admissions and employment opportunities, such as medical requirements, licensing, internship, apprenticeship, union age, education, examination and experience requirements.

A second Committee concern is about misrepresentation of the availability of placement services and employment opportunities. As part of its analysis of a comprehensive vocational school questionnaire, the Chicago regional office of the Federal Commission found that earnings and "opportunity" advertisements were present in all 74 types of vocations surveyed. In this connection, a recent internal staff memorandum to the Federal Trade Commission, concerning trade regulation rules for the proprietary and home-study school industry, made the following observations:

> Vulnerability caused by the lack of a definitive career goal is compounded by the fact that the consumer is often unemployed or unable to find acceptable employment and not sufficiently knowledgeable to assess the present and future job market for a particular skill. As a result, he often relies solely on the statements of the proprietary school itself; statements that tell him that the particular vocational field is an "expanding industry" or has a "big job demand". However, these statements are either misrepresentations or gross inflations of the school's ability to place its students.
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> With few exceptions, the proprietary schools' advertising campaigns create the impression that: (1) employment demand or particular earnings levels exist for trained or skilled persons; (2) consumers who enroll will be qualified for the indicated job or salary upon completion of the course; and (3) completion of the course will enable the typical consumer to get the job or earn the salary. These advertisements are particularly troublesome because they surround their claims with an aura of authority. Consumers are confronted with trade names which erroneously imply employment connections with large employers. Testimonials from former students are used to convey the impression that typical students obtain jobs or high earnings.
>
> This form of advertising is not only deceptive in many cases but is unfair as well. Under the *Pfizer* doctrine [*Pfizer, Inc.*, 81 FTC 23 (July 11, 1972)], an advertising claim is "unfair" if the advertiser has no reasonable basis for his claims at the time of their publication. An unfair ad, whether or not it proves to

be false, can be enjoined because the injury to consumers would be great if the ad were false. [see *H. W. Kirchner*, 63 FTC 1282 (1963); *National Dynamics Corporation*, Docket No. 8803, aff'd 2nd Cir., Docket No. 73-1754 (March 6, 1974)].

As the Executive Director of the National Association of Trade and Technical Schools has also noted:

> An affirmative claim should not be used unless there is a reasonable basis for making such a claim. Advertising claims are to be used only when they are supported by previously documented factual data or research that are available on the school premises for review by interested persons. A relatively insignificant number of cases should not be used as a basis for advertising claims. The incidental achievements of a few persons, while perhaps providing an aura of great promise, are not sufficient grounds for embellishments in advertising.

Finally, the Committee wishes to emphasize that advertisements, sales, or enrollment practices can be erroneous, deceptive, or misleading by *omission* as well as by the actual statement or intimation. Such omissions might well include the failure to disclose to the veteran any other material facts concerning the school and program of instruction or course which are reasonably likely to affect the decision of the veteran to enroll therein. Again, as William Goddard has noted:

> A prospective student is entitled to sufficient data to make an informed decision on training opportunities in institutions. A school is therefore obligated to provide sufficiently detailed data in advance of enrollment to enable prospective students to clearly understand their opportunities, limitations and obligations. . . . Although it is recognized that advertising space limitations might restrict desirable explanations, the text should avoid abbreviated claims that might tend to be easily misunderstood. If an item is considered important enough to be included in advertising, it should be presented in a manner clearly understandable to anticipated readers. A school may not claim space limitations as a reasonable excuse for limited disclosure that could tend to obscure, conceal, mislead, omit, deceive, confuse, distract or otherwise contrive to create substantial misunderstanding or criticism.

Subsection (b). This subsection provides that the Administrator, in carrying out investigations and making determinations under subsection (a), shall utilize, where appropriate, the services and facilities of the Federal Trade Commission (consistent with its available resources) pursuant to an agreement entered into under authority of present section 1794. The preliminary findings and results of any investigation of any case which the Federal Trade Commission in its discretion accepts is to be referred back to the Administrator for appropriate action by him within 90 days after such referral. This subsection is not intended to supplant but only to supplement the authority and responsibility of the Administrator under title 38. It is intended to provide a more formal structure and framework to existing authority in order, hopefully, to promote a greater coordination of activities and exchange of information between the VA and the Federal Trade Commission than currently exists. In this connection, the Committee is at a loss to understand the continued reluctance of the Veterans' Administration to include in its packet of materials on educational benefits, which it mails to recently discharged veterans, the FTC Buyers Guide No. 11, entitled "The Pocket Guide to Choosing a Vocational School", as suggested by Chairman Hartke in a letter to the Administrator dated September 26, 1973. The Committee strongly urges the Veterans' Administration to reassess its position on this matter.

The Committee further believes that greater coordination and information interchange should occur at both the Central Office and Regional Office levels between the VA and the Federal Trade Commission.

It is not contemplated that comparatively minor problems, such as improper use of the term "VA Approved," would be referred to or accepted by the Federal Trade Commission. Such cases are routinely resolved expeditiously at the VA regional office level. On the other hand, cases involving situations with large, or potentially large, VA enrollments (with resulting large expenditures of Federal tax dollars) would be appropriate cases for referral. Similarly, unique questions concerning specific advertising sales or enrollment practices which may or may not be widely utilized by other institutions where courses are approved for VA payment could also be properly referred.

The Committee wishes to emphasize that nothing in this subsection is intended to diminish or relieve the Administration of any authority or responsibilities he may otherwise have under this section or elsewhere under title 38.

Subsection (c). Provides that the Administrator shall treat as "conclusive evidence" for the purposes of subsection (a) whenever the Federal Trade Commission has entered any final order (excluding consent orders) entered by the Federal Trade Commission in an adjudicative proceeding pursuant to part 3.11 of the Federal Trade Commission's Rules of Practice. Such final orders are both quite rare and serious, and for this reason the Committee believes that discretion should be limited in such situations.

In addition to the foregoing however, the Veterans' Administration should continue to exercise its present discretionary authority with respect to enrollments of eligible veterans in institutions against the procedures followed once so informed. Some of the regional offices surveyed this past April (pursuant to the Chairman's March 25 letter) revealed variations in both the awareness of FTC proceedings and in the procedures followed once so informed. Some of the regional offices which were aware of cease and desist orders issued by the Federal Trade Commission often simply referred this information to the State Approving Agency (SAA) and apparently attempted little if any followup thereafter. Other regional offices entered into "negotiations" with the institution in question in attempt to resolve the matter giving rise to the "cease and desist" order. Other regional offices utilized what the Committee believes to be the better practice, by taking immediate action to withhold the issuance of further certificates of eligibility and the award of educational benefits. Following this action the regional offices then proceeded to attempt to resolve the problems which gave rise to the order. If the school was not brought into compliance, the regional office then took steps to have approval withdrawn.

When a cease and desist order is issued, the Committee believes that the above-described latter procedure should be the normal practice of the Veterans' Administration. The Committee believes there should be close liaison and coordination of policies between the Veterans' Administration and the Federal Trade Commission, both as cease and desist orders and as to consent decrees entered into.

Subsection (d). Provides that, not later than 60 days after the end of each fiscal year, the Administrator shall report to Congress on the nature and disposition of all cases arising under this section. The report to be submitted should be sufficiently detailed and organized to permit Congress an opportunity for thorough oversight and review of the operation and administration of this section. In this connection, the Committee also understands that most questions concerning abuses are currently handled at the regional level. While the Committee does not undertake to question this procedure, it does believe there must be a more adequate and informative reporting system to the VA central office, so that such problems may be examined in an overall perspective and so that more uniformity of interpretation and enforcement may be achieved. Many institutions where courses are approved for payment of VA benefits do business in several States throughout the country. As a consequence, regional office directors in one State faced with certain questionable practices are often unaware of similar problems in other States either by the same or different institutions. Accurate and detailed reporting to the central office, and dissemination of appropriate information by central office to regional offices, should enable these trends and problems to be spotted more readily and dealt within an evenhanded fashion nationally.

Clause 3 amends the table of sections at the beginning of chapter 36 to reflect the repeal of the current section 1795 and the creation of a new section under the same number concerning certain advertising, sales, and enrollment practices.

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EXCERPTS FROM SENATE REPORT NO. 93–1107 OF THE COMMITTEE ON CONFERENCE, TO ACCOMPANY H.R. 12628, AUGUST 19, 1974

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JOINT EXPLANATORY STATEMENT OF THE COMMITTEE ON CONFERENCE

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TITLE II. EDUCATIONAL ASSISTANCE PROGRAM ADJUSTMENTS

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The Senate Amendment clarifies and strengthens certain administrative provisions governing the chapters 34 and 35 educational assistance program in order to prevent and mitigate against abuses by requiring that courses with vocational objectives must demonstrate a 50-percent placement record over the preceding two-year period in the specific occupational category for which the course was designed to provide training; by prohibiting enrollment in courses which utilize significant avocational or recreational themes in their advertising; and by providing that not more than 85 percent of eligible students enrolled in proprietary below-college level courses may be wholly or partially subsidized by the Veterans' Administration or the institution. The House bill contains no comparable provisions. The conference agreement includes these provisions, clarifying that the 50-percent placement requirement does not apply where it is clear that the individual graduate is not available for employment or trained during active duty. Situations in which a graduate could be regarded as not available for employment would include a graduate who becomes disabled, is continuing schooling, is pregnant, or undergoes a change in marital status which compels the graduate to forego a new career. In addition, a graduate who unreasonably refuses to cooperate by seeking employment should not be counted in determining whether the placement percentage has been attained. Such a lack of cooperation can include unreasonable demands as to job location, remuneration, or working conditions. (The "reasonableness" of graduate cooperation should be tested, in part, against normal expectations created by the nature of the training offered by the institution and the advertising, sales, or enrollment practices which it utilizes.)

In addition, the conferees have agreed to add a parenthetical provision so as to exclude from the computation of the 50-percent placement requirement those numbers of persons who receive their vocational training while on active duty military service. The purpose of this modification is merely to avoid imposing an unreasonable requirement on such vocational institutions to follow such servicemen throughout their period of military service—which might be a matter of several years—in order to determine whether appropriate job placement had been secured following release from active duty. On the other hand, the conferees do not intend by this modification to manifest any less concern about the quality of training which active duty servicemen obtain under the GI bill, and the conferees continue to expect, as expressed in connection with consideration of Public Law 92-540 in 1972, that the base education officers and education program of the Defense Department will generally continue adequately to counsel active duty servicemen and to monitor closely the utilization by such servicemen of their GI bill entitlements.

The conference agreement also deletes the word "specific" in modification of the term "occupational category". This deletion was agreed to in order to permit the Veterans' Administration somewhat more latitude in writing regulations to carry out this requirement. The conference has been made aware that use of the Dictionary of Titles is in some cases obsolete or unduly restrictive. Accordingly, as defined by VA regulations, closely related employment obtained by course graduates could also qualify in determining placement figures. In providing for this flexibility, however, the conferees stress that it is still their intention that this requirement be interpreted in light of the very specific discussion and examples contained in the Senate committee report (No. 93-907) on pages 64 through 72.

The conferees are aware of the inherent difficulties in locating all course graduates and intend that a statistically valid and reliable sample approved and verified by the Veterans' Administration will satisfy the requirement of this section without necessitating that the institution secure information about each course graduate. The conferees would also anticipate that, in implementing the placement requirement under this section, the Veterans' Administration will allow schools a reasonable period of time to collect and submit the required data.

* * * * * * *

The Senate amendment provides that the Administrator shall not approve the enrollment of any eligible veteran or dependent in any course offered by an institution which utilizes erroneous, deceptive, or misleading advertising, sales, or enrollment practices of any type and provides that a final cease and desist order entered by the Federal Trade Commission shall be conclusive as to disapproval of such a course for GI bill enrollment purposes. The House bill contains no comparable provision. The conference agreement contains the Senate provision without the above described FTC-order-conclusiveness provision.

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CHANGES IN EXISTING LAW MADE BY H.R. 12628 AS AGREED TO IN CONFERENCE AND SUBSEQUENTLY ENACTED INTO PUBLIC LAW 93-508

For the information of the Members of Congress, changes in existing law made by the bill (H.R. 12628) as agreed to in conference, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

TITLE 38—UNITED STATES CODE

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PART III. READJUSTMENT AND RELATED BENEFITS

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Chapter 34—Veterans' educational assistance

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Subchapter III—Enrollment

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§ 1673. Disapproval enrollment in certain courses

(a) The Administrator shall not approve the enrollment of an eligible veteran in—

(1) any bartending course or personality development course;

(2) any sales or sales management course which does not provide specialized training within a specific vocational field, *or in any other course with a vocational objective*, unless the eligible veteran or the institution offering such course submits justification showing that at least one-half of the persons [completing] *who completed* such course over the preceding two-year period, *and who are not unavailable for employment*, have been employed in the [sales or sales management field] *occupational category for which the course was designed to provide training* (*but in computing the number of persons who completed such course over any such two-year period, there shall not be included the number of persons who completed such course with assistance under this title while serving on active duty*); or

(3) any type of course which the Administrator finds to be avocational or recreational in character (*or the advertising for which he finds contains significant avocational or recreational themes*) unless the veteran submits justification showing that the course will be of bona fide use in the pursuit of his present or contemplated business or occupation.

(b) Except as provided in section 1677 of this title, the Administrator shall not approve the enrollment of an eligible veteran in any course of flight training other than one given by an educational institution of higher learning for credit toward a standard college degree the eligible veteran is seeking.

(c) The Administrator shall not approve the enrollment of an eligible veteran in any course to be pursued by open circuit television (except as herein provided) or radio. The Administrator may approve the enrollment of an eligible veteran in a course, to be pursued in residence, leading to a standard college degree which includes, as an integral part thereof, subjects offered through the medium of open circuit television, if the major portion of the course requires conventional classroom or laboratory attendance.

(d) The Administration shall not approve the enrollment of any eligible veteran, not already enrolled, in any [nonaccredited] course [below the college level] (*other than one offered pursuant to subchapter V or subchapter VI of this chapter*) *which does not lead to a standard college degree and which is* offered by a proprietary profit or proprietary nonprofit educational institution for any period during which the Administrator finds that more than 85 per centum of the students enrolled in the course are having all or part of their tuition, fees, or other charges paid to or for them by the educational institution or the Veterans' Administration under this [chapter or chapter 31, 34, or 36 of this] title.

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Chapter 36—Administration of Educational Benefits

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Subchapter II—Miscellaneous Provisions

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§ 1796. Limitation on certain advertising, sales, and enrollment practices

(a) The Administrator shall not approve the enrollment of an eligible veteran or eligible person in any course offered by an institution which utilizes advertising, sales, or enrollment practices of any type which are erroneous, deceptive, or misleading either by actual statement, omission, or intimation.

(b) The Administrator shall, pursuant to section 1794 of this title, enter into an agreement with the Federal Trade Commission to utilize, where appropriate, its services and facilities, consistent with its available resources, in carrying out investigations and making his determinations under subsection (a) of this section. Such agreement shall provide that cases arising under subsection (a) of this section or any similar matters with respect to any of the requirements of this chapter or chapters 34 and 35 of this title shall be referred to the Federal Trade Commission which in its discretion will conduct an investigation and make preliminary findings. The findings and results of any such investigations shall be referred to the Administrator who shall take appropriate action in such cases within ninety days after such referral.

(c) Not later than sixty days after the end of each fiscal year, the Administrator shall report to Congress on the nature and disposition of all cases arising under this section.

* * * * * * *

Mr. HARTKE. Finally, Mr. President, the continuing need for this legislation which Congress approved so overwhelmingly last year is, I believe, further strengthened by a recent investigative series which appeared in the Chicago Tribune between June 8 and June 15.

These articles like the career school investigative series which appeared last year in the Boston Globe and the Washington Post, make a strong prima facie case that serious problems continue to plague the career school industry. If any institution or person mentioned in the series believes there are serious errors in these articles, I would appreciate receiving complete and specific details from them.

Because I believe these articles will be of interest to my colleagues, and because they bear on the issues I have just discussed, I ask unanimous consent that they be printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Chicago Tribune, June 8, 1975]

CAREER SCHOOLS—PROMISE SELDOM EQUALS DREAM

TASK FORCE REPORT

Thousands of students each year rely on correspondence and trade schools' promises of a better job thru education. Some get it. Others find themselves with a broken dream, poorer from feeding the coffers of unscrupulous operators in the $3 billion industry. This is the first in a series detailing the findings of a three-month investigation of the industry by the Tribune Task Force, directed by Pamela Zekman and including reporters William Crawford, William Gaines, and James A. Jackson.

The Correspondence school sales executive was giving his staff a pep talk on peddling travel and airline careers to young women when it occurred to him that a spicy anecdote was in order:

"The girls get all dressed up . . . they are tripping over their high heels," said John Rhode, Illinois district sales manager for Associated Schools. "Sometimes it's really funny, like when she's overweight, or something, but I can't laugh. I just keep thinking about that $100 commission and I keep a straight face.

"Then, when I get back to my car, I roll up the windows and just lay back and roar."

Fortunately for the consumer, Rhode resigned his position several weeks ago in the midst of the Tribune Task Force's investigation, when it became apparent that both his sense of humor and business tactics had become one of the targets of a three-month investigation of 13 privately-owned correspondence and trade schools operating in the Chicago area.

But the departure of Rhode from a single school is small consolation to the consumer in an industry filled with fast-buck operators preying on men and women who believe education is the best way to a secure future.

Countless persons seeking to become airline stewardesses, nurses' aides, TV repairmen, truck drivers, cashiers, and interior decorators are spending $3 billion a year for correspondence and residence school courses. Many are worthless or of questionable value.

It is an industry that is booming while the nation's economy sags and, until recently, Rhode was around to collect his piece of the action.

Rhode's so-called sense of humor emerged during a pep talk attended by a Task Force reporter posing as a newly hired salesman. And as Rhode also reminded his staff that day in the storefront office at 1925 N. Harlem Av.:

"We have to act like executives of an airline school who are giving these kids an opportunity."

This was the posture Rhode adopted at the home of a woman reporter he believed was interested in signing up for the $1,295 travel agents' course he was selling. First he asked that she walk around the room. Then she was told to read an essay for diction so Rhode could "see how you present yourself to the public. We want to test your poise.

"In our last two classes we placed 80 percent of our graduates within 90 days," Rhode said. "There is lots of demand. Right away you should start out with $10,000 or $12,000 a year."

State records show that of the 1,037 Associated students enrolled in Illinois in 1974, 686 dropped out and only 9 were placed.

And while Associated geared its pitch to suggest that young women are being considered for airline stewardess jobs, all the women really get is 53 home-study lessons and five weeks' training at Coral Gables, Fla.

The courses involve information on becoming a ticket agent, reservations agent, Teletypist, ramp agent, ground hostess, and travel agent.

Students complained that the home study lessons were so easy they could take the tests without reading the text. They said much of their time in the Florida residence school was spent "calling each other up and pretending to make reservations."

"They had some machines down at the school, but we never got to touch those," said Joe Carranza, 2056 W. 21st Pl. "We just looked at pictures of the system."

When it's all over, they discover their diplomas are anything but a ticket to employment. Art Jackson, a spokesman for American Airlines put it this way:

"We have our own training programs. We don't use the schools as a basis for hiring. If they had 10 years of operating school, we would still train them our way."

United Airlines spokesman Marc Michaelson said correspondence schools "are of no value whatsoever."

And Rex Fritsche, president of the Midwest branch of the American Society of Travel Agents, reacting to Rhode's promise of starting salaries of $10,000 to $12,000, said:

"Don't be silly. That's laughable."

John Miles, president of Associated Schools, Inc., defended the value of the school, even tho the airlines train their own employes.

"Every job you get they are going to train you their own way," he said. "What we give the students is a basic, complete course to better prepare them for the job," Miles said.

"This school business is the best selling item there is," Shelly Richmond, a La Salle Extension University salesman, said to a Tribune reporter posing as a sales trainee.

"Whenever the job market is bad people want education, and that's what you got to sell."

Salesmen boast $40,000-a-year commissions selling courses for Illinois-based schools, which have a current enrollment of 450,000 students.

Prospects learn of the schools thru ads in matchbook covers, girlie magazines, comic books, veteran publications, or "take one" displays in gas stations, liquor stores, and barber shops.

Reports of widespread abuses in some of the 250 Illinois-based correspondence schools were brought to The Tribune's attention by Gov. Walker's consumer advocate, Celia Maloney, after state investigators conducted a preliminary investigation.

She said a bill to curb deceptive sales practices in the industry was beaten down by lobbyists when it was introduced in Springfield. The bill, authored by her office, would have forced schools to inform prospective students and the state where school graduates are placed, who they are, and the salaries they receive.

It would also have required updated information on dropouts, and would have increased the cooling-off period after signing a contract from 5 to 10 days, to bring the state law in line with Federal Trade Commission guidelines.

Correspondence schools range in ownership from the financial giants of the country—Bell & Howell, Montgomery Ward, Macmillan Publishing Co.—to fly-by-nighters who operate cattle-buying schools out of the back seats of Cadillacs on the back roads of Indiana.

The public's first—and often only—contact with these schools is the slick salesman who appears at the door one day, peddling education like a vacuum cleaner.

A three-month investigation by Tribune Task Force reporters documented a number of abuses in the industry, including the following:

Reporters seeking employment as sales persons was never screened, and several schools sent them into people's homes selling courses they knew nothing about. They were never asked to obtain state required permits.

Government regulation is so ineffective and frequently conflicting, that Commercial Trades Institute, a Montgomery Ward affiliate, can sell a $995 motorcycle repair course here that is not acceptable in Minnesota; and Florida-based Universal Training School, which lost its license to operate here a year ago, is still selling eight home study courses in Chicago.

Students spend hundreds of dollars to earn diplomas that are useless in obtaining employment. Automation Academy, for example, sells a $295 nurses' aide course that is not certified by the Chicago Board of Health, and graduates must be retrained elsewhere to get jobs.

Salesmen working strictly on commission are under pressure to enroll many students who will never get jobs they study for or even finish the course. More flagrant examples include a youth with a record of traffic violations enrolled in a truck-driving school and a Cuban who can neither speak nor read English taking a mail-order course written in English.

Students are told to "register here" on contracts misrepresented as enrollment applications, and schools are circumventing cancellation laws to avoid paying refunds to dropouts.

A Veterans Administration survey shows that a staggering 93 per cent of veterans who take high school home-study courses fail to complete them. The dropout rate for other courses is 86.4 per cent in the computer field, 79.2 per cent in electronics, 69.8 per cent in radio and TV repair, 51.8 per cent in airline courses, 49.8 per cent in air conditioning, and 46.5 per cent in hotel-motel management.

The Federal Trade Commission said in a May 1974 report that "with an industrywide dropout of over 50 per cent and a virtually nonexistent placement record for a vast number of schools," at least half of the $8 billion spent by consumers in the industry each year is "totally wasted."

And postal authorities report that the loss due to mail fraud (where the government obtained convictions for phony advertising claims) more than tripled from $1.378 million in 1973 to $4.174 million last year.

The National Home Study Council [N.H.S.C.] and the National Association of Trade and Technical Schools [N.A.T.T.S.] groups that represent the industry of privately owned, for-profit schools, say they have attempted to control the fast-buck operators.

"These people over the years have given us a black eye, and we try to identify the worst of them," said Michael Lambert, assistant director of the N.H.S.C. "We are in favor of tough state laws and adequate state personnel to control this kind of thing. It's hurting us."

Yet when legislation was introduced in Springfield to curb abuses, more than 50 industry lobbyists—some of whom were members of N.H.S.C. and N.A.T.T.S.—descended on the House Committee on Elementary and Secondary Education to oppose it.

Several firms, including Bell & Howell and La Salle, took corrective measures when they learned of The Tribune investigation, and without waiting for its completion, they fired salesmen or forced them to resign.

But perhaps the best warning to anyone considering a correspondence or trade school course, is to repeat the sales philosophy of John Rhode, the man who thinks it's funny when young girls trip over their high heels.

"Never let them [the customers] know you are a salesman. And, try to have a young woman's parents present during the interview.

"After I've pitched them, I sit back and ask if anyone has any questions. Have I overlooked anything? I haven't discussed the cost, so they probably bring it up. That means we are at the close [contract signing].

"I hand them this slip and say the cost is $1,295. 'Now which payment do you find more comfortable?' Then I don't say anything. The first person to speak loses."

Rhode also offered this bit of advice:

"When you describe the jobs with the airlines, you don't overplay it and say, 'Oh, it's wonderful.' You just tell them about it as if it meant nothing at all, and you tell them about the benefits—all the travel—glamorous places they would want to go. Hawaii, Puerto Rico.

"Not Cincinnati or Columbus.

"Remember, you are selling a dream."

[From the Chicago Tribune, June 8, 1975]

YOU, THE TAXPAYER, PICK UP THE BILLS FOR PHONY COURSES

(By Pamela Zekman)

The largest single investor in the correspondence and trade school industry, is you—the taxpayer.

Your agents are the Veterans Administration and the Federally Insured Study Loan [FISL] program. Each year they spend $500 million on home study programs they cannot control and know little or nothing about.

"We are in an odd position," said David Heath, education benefits specialist for the VA. "We issue the money, but we are prohibited by law from initiating any control or regulation over the school."

The National Advisory Council on Education Professions Development, in an April 1975, report on abuses in the nation's educational system, had this to say about correspondence and trade schools:

"When a grateful nation enacted the G.I. Bill of Rights, it sought to make a monthly stipend available to veterans, not to have the money diverted into schools for bartenders, correspondence schools with dropout rates as high as 90 per cent, or to sharp operators, hiding behind quasi-educational trappings."

The report said educational abuses are on the rise, with students being defrauded, both financially and educationally, and added: "The federal government has not done enough to alleviate or prevent existing problems."

The VA relies on state agencies to accredit schools. The accrediting agency here is the Illinois Veterans Commission, which has a $234,000 contract with the federal government to perform this function.

But Eugene Duff, commission director, has only 10 employees to monitor more than 4,000 schools of all types approved for veterans' benefits. His office mainly makes sure there is an actual school, tangible lessons, and a teacher, he said.

"It's kind of incongruous," he said. "We supposedly are the approving agency, but we just don't have the staff. We don't have the readers or the expertise.

"We send a lesson or course to Washington and someone there in the Veterans Administration is supposed to have the people that are experts in home study. They read it before they accept it for publication."

However, Myron Wolowitz, assistant deputy director of program administration for the VA, told The Tribune:

"It's Duff's job to review courses. He is saying he doesn't have the staff or expertise . . . well, the staff for the District of Columbia consists of one person. I can't accept that. If he doesn't have the expertise, he can refer to outside experts."

Asked whether courses are reviewed in Washington, he said, "Absolutely not. There is at least one state approving agency in each state, and that's their job."

Duff said the VA bulletin for March showed the number of veterans enrolling for the first semester under the GI Bill was the highest in history—an increase of 24 per cent last spring.

"And we don't have the increased personnel," Duff said.

Heath said: "Veterans fall for a sales pitch as fast as the next guy. And they are sought out because they can more easily afford it, because of the educational assistance."

The VA pays 90 per cent of home study fees for veterans.

Many schools, such as American Truck Driving, 7750 S. Cicero Av., have their entire payment program geared to get the maximum GI benefits. American features a $1,980 course, which includes $1,680 for 60 read-at-home lessons, with Uncle Sam paying 90 per cent, and only $300 for actual in-the-cab training.

Ed Fry, regional sales manager for the Bell & Howell schools, which have 78,000 veterans among their 120,000 students, tells his salesmen, "I'll bet every gas station in the city has at least one veteran who would rather be doing something else."

The General Accounting Office, a federal watchdog agency that reports to Congress, has determined that 75 per cent of all veterans enrolled in correspondence courses fail to complete them, and these veterans pay more than $24 million a year to schools for uncompleted lessons.

"Many correspondence schools have over 90 per cent of their students failing to complete their courses," the GAO said in an October, 1974, report to the Federal Trade Commission.

While the National Advisory Council on Education Professions Development report on abuses was critical of VA money unwisely spent, it also came to this conclusion regarding the FISL program:

"When Congress passed the Federally Insured Student Loan program, it intended the guarantee and the interest subsidy to help deserving students. The program has been exploited by salesmen on commission and by advertising brochures which deceive and distort."

The Department of Health, Education, and Welfare (HEW) administers the FISL program, in which the government guarantees students' loans for educational purposes. If the student defaults on the loan, the government has to pay.

Federal budget requests to cover defaults under the program have risen from $89 million to $115 million for the 1975 fiscal year, the report said.

Kenneth Kohl, associate commissioner for the Guaranteed Student Loan Program, said HEW entered the regulatory arena just this year.

But, Kohl points out, the task is an enormous one. Since 1965, HEW has been guaranteeing FISL loans for schools it never checked and leaving accreditation to the industry's own trade organizations.

"We're almost building a new dike. The important thing is the program gets a million loans out to students a year, and we can't let less than scrupulous people in the programs so Congress kicks the whole thing out the door."

[From the Chicago Tribune, June 8, 1975]

YOU DON'T NEED TO KNOW ABOUT TRUCKS . . . JUST SELL

(By William Gaines)

The walls are decked with pictures of trucks. Some are torn from magazines, others are posters from trucking companies, and there is a calendar from a truck manufacturer. This could be the office of a trucking firm.

Actually it is the headquarters of American Truck Driving Schools, Ltd., 7750 S. Cicero Av., where I had been hired as a sales trainee.

During four days as an "admissions representative" I saw pathetically hopeful truck-driving applicants lied to, laughed at, bullied; conned, pressed for any amount of money they might have in their billfolds, and led down the primrose highway with indirect promises of good-paying jobs that don't exist.

"These are hard times, and all businesses are suffering, but not here," Larry Peterson, admissions director, told me. "We are selling jobs when people need jobs. The big money in franchising or freezer sales is over. This is where the action is."

The bigger the down payment a salesman can get on the $1,980 truck-driving course, the healthier his commission—a $30 commission on an $80 down payment, $50 commission on a $125 down payment, and $100 on $228.

The salesmen are so desperate for the down payments they harass applicants to beg and borrow the money from relatives and friends. Peterson, refusing to believe that one prospect had no money with him for a down payment, grabbed the man's wallet from his hands and searched it. It came up bare.

"I don't care what they do back there [in the school]," Peterson said to me. "I'm interested in getting that front money."

There is a constant flow of applicants, up to 30 a day, who saw TV commercials about the school or received phone calls made at random. And like most fast-buck schemes, this one is aimed at those who can least afford it.

"We are making these calls in the black area mostly," Peterson told his sales staff. "This is the high unemployment area and these people need jobs. We may also hit the low-income white areas in the city and some of the suburbs where guys are laid off."

Calls are made from a prepared script:

"Hello Mrs.-Mr.—I am with American Truck Driving and I'm calling to see if there is any young man in the household, employed or unemployed, who would be interested in a good paying job making anywhere from $250 to $350 a week to start [pause] . . . driving a tractor trailer."

No mention is made that the caller represents a school, but once lured to the office, the interested party is told the job has been filled, tho there is an opening in the next training class.

The salesmen dress like truck drivers. They swear with the customers and at one another to create what they think is the proper atmosphere for a trucking company.

When a prospect asks to read a contract, Peterson keeps distracting him with questions like "Do you smoke? Do you drink?" until the man gives up and signs, without realizing he is committing himself to pay $1,098 before he ever gets into a truck.

I spent my entire first day with Peterson, who introduced me to customers as the "overseer of the entire program . . . here to see that I don't enroll the wrong kind of people."

Peterson told me: "You don't need to know anything about the school or truck driving. I've never been in a truck." But to a prospective student, he said, "I'd still be driving myself, but it's my eyes. I can't do the night driving no more."

Peterson's sales pitch begins "I'm going to be honest with you and I want you to be honest with me. Are you willing to go to work immediately after we train you?" [The unemployed applicant readily agrees.]

This sales ploy removes all questions about placement without committing the salesman, Peterson told me.

"Will your wife let you be a truck driver? Some wives don't like it because they heard about all the young girls that hang around truck stops." (The applicant says he makes the decisions at home.)

This tactic gets him thinking about the glamor of truck driving and removes the "but I want to talk it over with my wife" objection when the salesman asks him for money.

"Do you want short haul or over-the-road driving? We've got a company that wants a driver to go to L.A. and back. It only pays $525 a week. Some guys don't want it because they're used to making more."

Suddenly the phone on Peterson's desk rings. He tells the caller: "You don't have to worry about that slot. I've got a guy here who is willing to take a job right after we train him and his wife don't object."

I know the call is routine with every sales pitch—a well-timed ring from the salesman in the next office. For the customer, this sounds like his big break.

On my third day I watched as Peterson had an applicant sign a stack of papers, including a blank form certifying to the Veterans Administration that a certain number of lessons had been completed. This could enable the school to collect VA benefits regardless of whether the student took a lesson.

I was also present when a fellow reporter, James A. Jackson, posing as a student, was given a sales pitch by salesman Arthur Thomason, tailored just for blacks:

"The trucking companies are looking for black drivers because some are below quota, and if they don't make an effort to get qualified blacks they can lose their ICC [Interstate Commerce Commission] license."

Thomason showed Jackson a list of trucking companies the school said hired American graduates. But spokesmen for 15 of the firms checked told The Tribune they never hire drivers from truck-driving schools.

When a student asked to drop out and get his money back, a salesman talked him into taking a few more home study lessons, at $28 each, to insure getting enough money to cover his commission. The salesman then turned to me, in the student's presence, and quipped, "Do you know what it means to be bushed?" It's a term they use for conned.

H. Donald Overbey, school director, defended the school's program in a subsequent interview, but conceded he has "a hard time controlling the salesmen. There's no way I can do it. The salesman is in the office with a man and I can't always tell what he is saying.

"But every two or three weeks I hold an orientation. That's how I keep myself clean. I ask the students if they were promised a job by my salesmen, and if they say yes, I tell them we can't promise them a job.

"There is a certain amount of 'blue sky.' Every company does that in sales."

At American the "blue sky" is an orgy of selling. Peterson, to show his extreme confidence, one day put on the following performance as I watched him pitch a customer sitting across the desk:

"Okay, now I'm going to pitch this one and close [sign the contract] without giving any information. Are you ready?" I nod. "Are you ready?" The customer responds with a confused look.

Then Peterson whips into his sales talk: "I'm going to be honest with you. . . ." Not once in the 30-minute pitch does he mention the $1,980 cost of the course.

At one point he turns to me and says, "Okay, this is where I start to close." And he does.

[From Chicago Tribune, June 9, 1975]

FOR $2,000, TRADE SCHOOL STUDENTS GET LITTLE ASSISTANCE

TASK FORCE REPORT

Practical training with modern equipment is the promise. Obsolete equipment and poor instruction often are the return for many students in the $3 billion correspondence and trade school industry. This, the second in a series, tells of abuses by residence schools uncovered in a three-month investigation by the Tribune Task Force. Pamela Zekman directs the Task Force, which includes reporters William Crawford, William Gaines, and James A. Jackson.

There is a snap, a flash of blue light, and a curl of black smoke wafting up from behind an air conditioning unit.

Four students at Greer Technical Institute in Norridge spent most of the day wiring a thermostat to the air conditioner and furnace blower, and they just switched the thermostat to the "on" position.

Tho they methodically followed the instructions of their teacher, Paul C. King, all they have to show for their efforts is one more blown fuse.

Frustrated, one of the students, Edward Nolan, 25, turns to King:

"Look! You've got me so confused I don't know what I'm doing. Why don't you just stay there and explain it to us, step by step? I've got so many wires coming out of this thing, I'll never remember tomorrow what I did today."

"Do it yourself," answers King, restudying his diagram to see what might have gone wrong. Then he discovers he's been working from the wrong sheet.

Blown fuses and erroneous wiring diagrams are only part of the learning story at Greer, a resident trade school owned by Ryder Systems, Inc., of truck driving fame.

A Tribune Task Force reporter attended class at Greer as part of a three-month investigation of the $3 billion a year correspondence and trade school industry. The investigation was undertaken after complaints of abuses by some of the 250 privately owned schools in Illinois were brought to the newspaper's attention by Gov. Walker's consumer advocate office, and after the state conducted a preliminary investigation.

At resident trade schools, such as Greer, students take courses on the premises, using the school's equipment. Home study students take courses, thru lessons that arrive by mail.

In Greer's refrigeration, heating, and air conditioning course, the Tribune found all 24 students demoralized, holding little hope of getting jobs upon graduation. To a man, they contributed $25 to retain a lawyer to take action against the school for a full refund of their tuition.

Each student in the class paid nearly $2,000—mostly government money, veterans subsidies or federally-backed loans—in hopes of walking out of the class a fully trained technician.

They were the remains of a class of 32, minus the one-fourth that dropped out. During the first half of the 30-week course, they went thru five instructors—some of whom quit, while others were fired by the school for incompetence.

The students discovered that one of their instructors, A. C. Fitzgibbons, was himself taking a night school course at Greer to stay one lesson ahead of the people he taught during the day.

One stuudent, who dropped out of grade school at the age of 12 because of a learning disability, and who can neither divide or subtract, was unable to understand the course.

He told the Tribune that he pointed out his shortcomings to Larry Brown, administrative assistant to the director of the school, before he signed for the course. But "he told me to go buy a pocket calculator, and pushed a contract across the desk and asked me to sign it."

A frequent complaint of Greer students: never enough tools to go around. Thruout the day students interrupt one another asking, "Who's got the wire cutters?" or "Who's got the masking tape?"

Nor does Greer have a parts department, so students must stop off at a nearby junkyard to buy their own spare parts for projects.

At one point in his course, King instructed students on how to install a defective thermostat in an old heater, because the only thermostat available was broken. "But remember, this would be illegal . . ." King cautioned. "You'd have to buy a new one."

Maurice Quinn, 33, an ex-Marine taking the course, told The Tribune, "I could not believe the school had the gall to supply us with such equipment. The equipment was old. It was outdated. It was beyond repair. Everything was broken. The refrigerators didn't work, the compressors didn't work. We all felt and hoped that somehow things had to get better."

George W. Cates, Greer's director, told The Tribune that Greer has no teacher evaluation because "vocational teachers are hired on their credentials and thru their backgrounds." He said there is no testing of students because "all students are high school grads. If not, they have GEDs [high school equivalency] or work experience."

He said he was "aware" that some students had complained to the state's attorney's office and retained an attorney.

Greer in 1974 received $25,000 in federal funds administered by Mayor Daley's Office of Manpower under the Comprehensive Employment Training Act.

The Greer story is but one in the $800-million-a-year vocational school business, in which thousands of students find their aspirations of a solid future hopelessly shattered thru false job promises, marginal instruction, and inferior training equipment.

Such schools offer hundreds of courses ranging from auto repair to broadcasting, truck driving to nursing care, and how to work a cash register.

"We provide an education gap filler," said Phillip Taylor, a spokesman for the National Association of Trade and Technical Schools. "In many instances we can provide training in areas no private school can offer.

"The trade and technical schools have opened up new avenues for a much wider range of persons wanting to get into a given field."

While there are many legitimate schools, not every one of the 13 Chicago-area schools investigated by the Task Force passed the test.

Automation Academy, 22 W. Madison St., advertises in the Yellow Pages that you can "Train Now and Pay Later" for its $295 nurses' aid course or $395 keypunch class.

"We teach you what you need to know to get a job," Al Roberts, director, told a reporter who inquired about nurses' aide training.

He said jobs paid $150 a week, and flashed a list of hospitals he said hired Automation graduates. A check by The Tribune, however, showed that five of them either trained their own nurses' aides or required several years of hospital experience.

Christell Williamson, 28, who took the course, told The Tribune:

"I feel as tho I was cheated. I believed I was paying for something and I got nothing. They didn't teach you a darn thing. You get this so-called diploma, but it's not worth anything."

She learned the certificate she received on graduation is not recognized by nursing homes here because the course is not approved by the Chicago Board of Health.

She was hired by a nursing home and was told she would have to take another course approved by the Board of Health and offered for free by the Board of Education.

"I thought I already had my certification because I had my diploma, but the nursing home said no. So here this new course was free and I gave the man at Automation $295 for nothing," she said.

Curtis H. Knight, owner of the school, told The Tribune he was unaware until recently of the ordinance requiring nurses' aides to attend board-approved schools and was attempting to get approval.

"Had we known this thing existed, we would have gotten into compliance immediately," Knight said.

A Board of Health spokesman said a representative of the school "came down here once," to inquire about the ordinance, but the board never heard back from the school again until after the Tribune investigation.

Another graduate of the school, who found the course was not certified, Lillie Lee, 32 said she is now working as a punch press operator because no hospitals would accept her certificate.

A former director of Automation, Gerald Vargas, now directs the Chicago office of New York-based General Training Services, which sells two-week, $200 courses in operating a cash register at 6 W. Randolph St.

He told a reporter who inquired about the two-week course:

"We have all models of cash registers here for you to learn on so you will be prepared, no matter what you face. We have a free placement service. You know, a lot of stores are now offering 24-hour-a-day service. To stay open like that they need lots of cashiers and checkers. Stores like National and Jewel are doing that all the time."

Task Force checks with major supermarket chains in Chicago, including A&P, Jewel, and Dominick's, revealed that all have their own training programs.

Johnnie Mae Bell is one of several graduates listed by the school in records filed with the State as having been placed on a job, but she was not.

"They promised to find one a job, but they just out and out lied to me," she said.

Anthony Venzara, executive vice president of G. T. S. in Woodbury, N.Y., told The Tribune, "There is a need for people who can operate a cash register, and merely because an employer retrains the student who has taken our course is irrelevant."

Some resident schools have unique ways of making sure their graduates pass any required tests. Graduates of the Institute of Broadcast Arts, a Milwaukee-based school with offices at 75 E. Wacker Dr., take a written exam in order to get a Federal Communications Commission license to help get jobs as announcers or disk jockeys.

Graduates said students are provided with answers to memorize, some with a 50-word sentence; the first letter of each word, going down the line, will be the answer to multiple-choice questions on the exam.

Daniel Baran, assistant director of the school, said he did not know about a 50-word sentence, but admitted the students memorized sets of questions and answers.

"Schools all over the country memorize the answers to get the licenses," Baran said. "The people who give the tests know."

A spokesman for the FCC said the government is indeed aware of the procedure, and rearranges test answers often to beat it.

[From Chicago Tribune, June 9, 1975]

TRADE SCHOOL HOUSING LIKE ARMY—BUT WORSE

(By William Crawford)

"It was like a barracks, and the only thing that kept out the draft was a canvas. Some days it was cold, and they had this canvas hanging from the ceiling.

"The bathroom had no floor. The place was a mess. There was only one heater for the whole building—50 of us in there—and the wall didn't go up to the ceiling.

"Ten of us got lice and they refused us medical care."

An ex-GI telling about the rigors of Viet Nam?

No. Ex-GI John Carpentieri, Jr., 28, of Massapequa, N.Y., telling about the American School of Heavy Equipment, Inc., at Morristown, Ind.

At some vocational trade schools, learning takes a back seat to simple survival—getting something to eat, finding a place to sleep, and fighting disease.

In a resident school, such as American, students take the course on location, using school equipment, and stay in quarters provided by the school if they live too far away to commute.

Carpentieri heard about American on TV, and decided he'd like to become a heavy construction equipment operator.

"They sent out a salesman, Ira Kane, and he showed me a bunch of phony stuff . . . pictures of machines that were bigger and newer than what they had, and he said there would only be two of us to a room and two of us in a machine."

The course cost $1,300 plus $600 for expenses.

Carpentieri said he "never should have done it."

"When I got there I was just sick. The school was utter chaos. There were eight machines and 34 students. And the machines were always breaking down so we had to wait around for them to be repaired. One macnine didn't have brakes—it was lucky there was no accident. And that was discovered right after they showed us safety films," he said.

"They had inadequate food, and there was no drinking water except in the bathroom."

On April 10, Joseph Clark, head of the Indiana Private School Accrediting Commission, sent investigators to talk to Carpentieri and 13 other veterans who had complained about conditions at the school.

"They were stranded out there with no jobs, and no money," he said. "They had been promised jobs and were unable to get any, and they had no way to get home."

Clark also sent a team of fire and health inspectors who found 29 "major violations" of health and fire codes at the school. On April 15 he ordered it closed.

Just ten days before the veterans complained, The Tribune advised Clark of questionable sales tactics of the school's Chicago office.

Gerald Vargas, director of the Chicago office, told a reporter who asked about the course, "You'll be making between $8 and $12 an hour."

Vincent Gartlan, a salesman, said, "We place 90 per cent of our graduates," and showed the reporter a contract marked "enrollment application" for a $1,190 course, which would include 60 home-study lessons followed by four weeks at Morristown, with the Veterans Administration paying all but $29 of the cost.

Clark said state records show American claims to place 60 per cent of its graduates. William Martin, president of the Operating Engineers Local 150, told the Tribune:

"I'll sum up one word what those schools are: fraud. We have found thru practical experience that they have not turned out one qualified man. They ought to be closed."

Anthony Venzara, executive vice president of General Training Service, Woodbury, N.Y., American's parent company, said he was "surprised" anyone had tried to sell a reporter the heavy equipment course, and added:

"We have not for some period done any soliciting of students for that course."

Clark said that after he ordered the school closed, Richard Carlton, president, arranged for students to be put up in a hotel, and for classroom instruction to be held in a local high school.

He said he permitted the school to resume operations May 8, but American has been banned from soliciting veterans, and a hearing will be scheduled to determine whether the school should be closed permanently.

Carpentieri, who said he is consulting an attorney in addition to pressing his complaint with the VA, will be invited to appear, according to Clark.

"They had old books, old equipment, old films . . . and they called it a school," Carpentieri told The Tribune. "It was just a rip-off. I felt like I got beat. I didn't get beat—the government got beat. There were 14 veterans there."

[From the Chicago Tribune, June 10, 1975]

THIRTY DOLLARS DOWN BUYS PIE IN THE SKY, LESSONS IN FRUSTRATION

TASK FORCE REPORT

Thousands of students each year send their money away in hopes that the return mail will bring an education, leading to a better job. But what many of them get is something less. This, the third in a series, relates the frustration and abuses common in some quarters of the correspondence school industry uncovered in a three-month investigation by the Tribune Task Force. Pamela Zekman directs the Task Force, which includes William Crawford, William Gaines, and James A. Jackson.

Universal Training Service, a Miami-based correspondence school, is traveling the streets of Chicago in the head of 77-year-old Louis Carpenter, as he cruises around in a late-model Cadillac making house calls.

Universal, boasting 50,000 home-study students, advertises "Eight Exciting Careers" in the Yellow Pages, and operates openly in Illinois, though it is illegal.

The school, whose Orland Park phone number turns out to be an answering service, is unlicensed in Illinois but operates without apparent restriction, making job promises it cannot fulfill, preying on young people's dreams of a better tomorrow through education.

The Grandfatherly Carpenter, with his promises of a glorious future—for $30 down and X easy lessons—was encountered repeatedly by Tribune Task Force reporters during a three-month investigation of the $3-billion-a-year correspondence and trade school industry.

One reporter met him when he called at her home to pitch her on a $995 course for an airlines ground hostess job, saying: "We train for 40 or 45 airlines in the country. They have no training program for themselves."

Another met him when he called at the reporter's apartment to tell him about Universal's heavy equipment school: "You can put $30 down today and that will help you to get signed up right now," he said. "There are 30,000 construction jobs opening in Illinois this spring."

And to another reporter, Carpenter pitched an insurance adjusters' course, which he hinted would earn its taker $50,000 a year. "We place 96 per cent of our graduates," he said.

A check with major airlines revealed that all have their own training programs, and anyone hired from a correspondence school would have to take the airline program regardless.

Construction union officials said a heavy equipment operator cannot get a job with only correspondence school training. Operating Engineers' business manager Wilfred Dewalt of Local 649, Peoria, said:

"We have our own training program, and it's state approved—and free! We put in a nickel an hour for the training, and the course runs five years. These schools are ripoffs and don't do a thing but take a man's money and make him promises they can't keep."

Last year, before its license was dropped, Universal submitted a 1974 placement list of students to the state. Of 13 checked at random, only one said he obtained a job thru the school. Several others were not employed where the school said they were, and others said they attended the school five years ago.

The Minnesota Department of Education has refused to license Universal because of noncompliance with Minnesota laws. Universal is no longer licensed to operate in Illinois because of failure to place the required surety bonds for itself and any agents operating in the state.

Carpenter boasted to reporters that he had 65 salesmen working for him in this area. However, a check uncovered only one Universal salesman in addition to Carpenter.

Thomas Richardson, assistant to the director of postsecondary education in Illinois, said:

"As far as I am concerned, Universal is no longer licensed to do business in Illinois. If they are operating in the state, they are in direct violation of state law. No school can operate without that surety bond on the school and on its agents.

"Maybe you have some knowledge that they are in operation. But how would I know that? We have to assume in these cases that the schools are complying with state law."

Charles Craig, head of Universal operations in Miami, said, "I think that is outside the purview of the media to investigate the operations of private business like that. We have people that are always complainers. They complain about everything, and you can't please them."

Abuses in the correspondence and trade school industry were first brought to The Tribune's attention by Gov. Walker's consumer advocate's office, after it conducted a preliminary investigation. Universal was one of the extreme cases uncovered in the Task Force's subsequent investigation of 13 Chicago area schools.

But even with the most reliable schools, students are taking a risk in signing up for mail-order courses. Standard courses are sold to anyone who can come up with a down payment, regardless of educational background, talent, or ability to learn.

For example, of three students who took the identical mail-order auto mechanics course from Advance Schools, Inc., 1840 W. 79th St., one said the course was "just tremendous," another described it as "too simple," and a third said he could not understand it.

Charles Chase, assistant to the president of Advance, a school that filed for reorganization under the federal Bankruptcy Act in May, said:

"We get complaints. You have to get complaints. You have to get complaints from some people. We sell one course in each subject, and it has been carefully prepared and geared to help most people. But there are always some who will not be able to understand it, or who will know too much to get anything out of it."

Thomas Pekras, assistant director of postsecondary education in Illinois said there are 250 such privately owned schools based in the state—78 per cent of them in the Chicago area—and the department has only five people to monitor them.

"Quite frankly, in evaluating courses we many times know very little about the course itself," he said. "We've learned a lot as time goes by."

The utter frustration of trying to learn a career by mail was described by Lee Smith, 59, an unemployed construction foreman from Alderson, W. Va., who took Bell & Howell's $1,400 course on TV repairing:

"Volume two of the course arrived nine days ahead of volume one. For the next several months, the lessons continued to arrive out of sequence, and parts and equipment for one lesson often came with the test for another.

"When I signed up they told me there was a toll-free number in Chicago I could djal if I ever had any trouble. Sometimes I would call the school every 20 minutes, all day long, trying to get thru to them. The line was always busy."

After six months, Smith ran up the white flag, saying, "They had me so fouled up there was nothing I could do."

He demanded his money back, and after a flurry of letters to the Better Business Bureau and various consumer affairs organizations, the school agreed to settle with him for $400.

A recent study by the Veterans' Administration determined that 69.8 per cent of all veterans who take radio and TV repair courses by mail do not complete them. The dropout rate runs as high as 93 percent for other courses.

A typical dropout is Dennis Loren, 25, of Amity Harbor, N.Y., a Viet Nam veteran who enrolled in Bell & Howell's TV repair course, but found himself not educationally equipped to handle it.

"By the fifth lesson it just became too advanced," he said. "It was all formulas. It was the math I couldn't understand. I was just happy to call it quits."

William Carson, executive vice president of Bell & Howell's home study division, said Smith studied three times faster than normal and he took the course at a time when "there were a couple of problems," including mailing and other technical difficulties.

He said Loren did not complain about his difficulty with math until after the school sent him a bill.

Another drawback in taking home study courses is that the same course is mailed to every student who signs up for it, even tho the material may not apply to his part of the country.

Commercial Trade Institute, 1400 W. Greenleaf Av., a division of M-W Education Corp., a Montgomery Ward subsidiary, offers a 100-lesson course in building construction for $695. Patrick Maddalino, 24, of Miami, Fla., signed up for the course, with the VA picking up $625.50 of the cost.

"The salesman told me that, when I graduated, that was all I needed to start working and get a job as a contractor," he said. "He didn't tell me anything about testing and licensing by the county. In fact, Dade County (Fla.) doesn't even accept this as an accredited school.

"And the course was geared for the northern or central states, and nothing like we have in Florida. They tell you how to build a building with a certain kind of block we don't use here. That means the architecture is different, and the stress will be different."

Robert Nottenburg, C.T.I. education director, said, "We offer a nationwide program. This man in Miami believes the zoning information is old because the laws there have been changed, but what we teach is typical of most other areas."

C.T.I. also offers a $995 motorcycle repair course that its salesmen say will teach a student how to become a motorcycle repairman. Minnesota says the course doesn't fill the bill. Illinois can't seem to make up its mind.

The state of Minnesota refused to accept the course after three experts determined it was worthless. A chicago official of the Illinois Department of Education told the Tribune:

"Actually, the engine the student got in the course should not have been approved, but next thing we knew, we got a letter from Springfield saying it had been approved."

The absolute futility of some home study courses often doesn't hit home until after the mailman comes and a student discovers he is paying good money for lessons he could get free elsewhere or for common-sense information he already knew.

For example, American Truck Driving Schools, 7750 S. Cicero Av., offers 60 home study lessons for $1,680 on how to become a truck driver, which students must complete before they can qualify for the $300 course in actual driving.

Six of the lessons, at $28 each, are mere reprints of a free publication of the United States Department of Transportation.

Another two lessons, also at $28 each, consist of a few sentences informing the student he should take the Department of Transportation's written test, which is required of all drivers.

And another lesson, five pages on "Importance of Driver Training to the Industry," lists only statements of praise for the school but costs $28 just the same.

H. Donald Overbey, director of the school, said:

"I think these lessons are well designed, and there is no way you are going to make me apologize for them. These home study tests are pretty effective. We found that people who finish home study do well in resident training. They have a good chance of finishing resident training if they get thru the home study part. In fact, 90 percent of those who finish home study get thru resident training."

Two of his students take a somewhat different view of the school.

Charles Vesely, 22, of Burbank, called the 60-lesson home study course "a joke." All Mickey Mouse.

"When we got to the actual driving course, I'll bet you I spent no more than 15 minutes a day behind the wheel of a truck. The rest of the time, I would sit and watch while others took their turns.

"I couldn't even come to class because there was nothing to do but stand around. The owners didn't care, because they were getting their money from the VA. They would even fudge my attendance records, just so they could get their hands on the VA money."

Richard Schulz, 32, of Hickory Hills, who took the $1,980 two courses, said:

"Before I signed up, I said to the salesman, 'How is it with jobs?' He said there were more jobs than students. I thought: 'Oh great! This will be tremendous.'

"I signed up, and they told me I would have a job for sure. I was so happy about it. I went home and told my family I would be driving a truck and making lots of money.

"All the while we were going to school the salesman would give us this big pep talk about how there were those jobs out there. Overbey would tell us there weren't enough students to fill all the jobs. In my opinion the school was a ripoff!

"The school couldn't place me. Finally I went out on my own. I hit every trucking company south of the Eisenhower. Each time they would look at me and laugh when I told them I had graduated from the school. They wanted men with at least two years' experience.

"Luckily I'm a veteran and didn't have to pay for the course out of my own pocket."

A former instructor for American, John Davis, who quit after one month, told The Tribune:

"I've worked all my life and just couldn't stand the thought of taking another man's money and giving him nothing but dreams. That's the only thing these schools do. They hold out a slice of pie in the sky—and it just ain't there."

[From the Chicago Tribune, June 10, 1975]

You, Too, Can Be an "Educator"

(By James A. Jackson)

You can even take a correspondence school course in how to start your own correspondence school—or anything else you can think of.

William Goehring, head of Pioneer Schools, Covina, Cal., sells the mail-order course for $35. After you have taken it, he says, "People will look up to you as an educator, and as an asset to the surrounding community."

Altho California authorities have denied Goehring permission to sell his course, a Task Force reporter who sent him a $35 check got the seven-lesson package by return mail.

After reading the lessons, and learning how to make enrollments, place graduates, and get Veterans Administration approval on a shoestring investment, the reporter decided he was ready to become an asset to his community.

The most preposterous subject he could think of to teach thru home study lessons was skydiving. He disclosed his plan in a letter to Goehring.

Goehring wrote back enthusiastically, "I would welcome the opportunity of writing a course for you on the subject of 'Skydiving.' I believe . . . that seven lessons would suffice."

His writing fee would be $30 a lesson, and the reporter-turned-educator could sell the course for $395. Goehring even suggested offering such inducements as a parachute or a discount ticket to go up in a plane to promote the course.

The reporter then telephoned Goehring, disclosed his true identity, and said he didn't really want to start a school. Goehring was unabashed.

"Anyone can start a correspondence school with proper guidance," he said.

[From the Chicago Tribune, June 11, 1975]

Fast Talkers Sell Dotted Line and Little Else

TASK FORCE REPORT

Some salesmen boast they can sell anything. This article, the fourth in a series, describes finely honed sales pitches, used by some salemen in the correspondence school industry, heard during a three-month investigation of the Tribune Task Force. Pamela Zekman directs the Task Force, which includes William Crawford, William Gaines, and James A. Jackson.

Arnold [Arne] Fabrikant has just tricked a Puerto Rican who has difficulty understanding English into signing a contract for a correspondence course in interior decorating.

Outside the victim's house Fabrikant turns and winks at his companion, a Tribune reporter posing as a sales trainee.

"Some are easier than others," he chuckles.

Fabrikant, 30, a salesman for La Salle Extension University for more than two years, is eager to move up the corporate ladder.

"See, I want to sign up a lot of students because promotion time is coming up and I want to look good on the books," he explains.

With unemployment across the nation at a 34-year-high, the $3-billion-a-year home study and trade school business is booming. And the salesman, with his finely honed pitch, is often the only personal contact the student ever has with the school.

Fabrikant has just worked his pitch on Juan Ortiz, 29, a $130-a-week factory worker who wanted to learn to "paint and panel walls." He had answered a La Salle magazine ad offering "free information."

"You know, interior decorators make lots and lots of money. They are very professional people," Fabrikant told him. "You will be respected and admired. You can get a good-paying job or open a business for yourself. You can get started in one of those big department stores, like Wieboldt's or Libby's. They need people who speak Spanish.

"We have to make sure you are qualified to take the course. La Salle doesn't just take anyone. Puerto Ricans think education is important. They take pride in their education, and that's good."

Fabrikant got Ortiz to sign a contract by filling it out as he talked, pointing to the dotted line and saying, "Now, you register here."

Tho the school requires a minimum $30 down payment, Ortiz's wife Lena, who speaks no English, could find only a $10 bill. Fabrikant took the ten "to hold a place in the class for you" and paid the rest of the down payment from his own pocket.

Fabrikant, who speaks several languages and prides himself in his knowledge of ethnic traits, tells the reporter on leaving the Ortiz home:

"Did you see how I waved my hands around a lot? That's what they do. They talk with their arms. It makes them feel more comfortable."

Several days later the mailman arrives at 1719 W. Morse Ave., and Juan Ortiz finds himself surrounded by $600 worth of home-study lessons he did not know he had signed a contract for. He has now turned to the Legal Aid Society for help.

Reports of misleading sales tactics by some of the 250 privately owned correspondence and trade schools in Illinois were brought to The Tribune by Gov. Walker's Consumer Advocate Office after the state conducted a preliminary investigation.

During a three-month investigation of 13 Chicago-area schools, Task Force reporters posing as sales trainees and students found:

Salesmen making phony job placement claims. Edward F. Cihak of Bell & Howell home study schools said the school placed "100 per cent of graduating electronics students," while the school officially reported 8.4 per cent to state officials in Minnesota.

Operators claiming unlimited job opportunities. Gerald Vargas of American School of Heavy Equipment said Gov. Walker's construction program made chances of getting a job in the Chicago area "excellent." Actually the state legislature rejected the program, and the operating engineers union currently reports 2,100 members out of work.

Salesmen offering tuition discounts and cash kickbacks. Fabrikant knocks $10 off the tuition fee and offers a $10 bounty to any student who refers him to another who signs up. Bell & Howell fired one salesman who admitted offering a $20 discount to a reporter.

Salesmen operating out of storefronts or their automobiles, their income depending solely on commissions, often know nothing about the courses but a lot about selling. And their approaches are as varied as their claims.

La Salle, a subsidiary of MacMillan Publishing Co., leans heavily on the "qualifying interview," which Fabrikant described as aimed at "getting that great inner dream out in the open."

"The qualifying interview is a powerful tool in the hands of someone who knows how to make it work," Fabrikant said during a meeting of sales trainees. Salesmen are instructed not to deviate from the time-proven company interview that Fabrikant said is designed to get a commitment from the prospect.

"Psychologically you have him following your orders right thru the qualifying interview so by the time you get to signing the contract he can't go against you," said Fabrikant.

Salesman Gary Hoffman, 36, demonstrated the approach on a Greek immigrant who had written the school for information. A reporter posing as a sales trainee accompanied him.

The man, who owns his own refrigeration business, looked over the La Salle course, shook his head negatively, and muttered in broken English, "Basis. All too basic. I don't think I need."

Undaunted, Hoffman brought out the "qualifying questionnaires" and led the Greek—"You don't mind if I call you Steve?"—thru a list of questions such as:

"Why have you waited so long to decide to increase your education?" "Do you think you can make decisions quickly?" "Do you think you will be happy with your job in five years if you don't increase your earnings?"

In the end the Greek immigrant surrendered and Hoffman pocketed a $30 down-payment. Outside the home the salesman quipped:

"He didn't need that course. It's too simple for him. He won't learn anything. And he writes like a child. I had to help him fill out the application because he couldn't understand it. Did you see that?"

La Salle salesmen also urged prospective students to act fast before the price goes up. George Walters, who was selling courses without the required state permit, told a reporter posing as a prospect that the $675 hotel-motel management course would cost $1,000 or $1,200 in another month, and added:

"We'll finance you for 5.5 per cent, way below market, but if you wait, it'll double."

A La Salle attorney termed the practice "unauthorized and surely improper."

Salesmen for Commercial Trades Institute, a Montgomery Ward subsidiary—calling themselves "veterans' counselors"—use a number of gimmicks to encourage men with GI benefits to enroll in the school, where 72 per cent of the 60,000 home study students are veterans.

They distributed official looking red, white, and blue "Attention All Veterans" cards that can be sent to the school for information and wear "Help Out A Veteran" buttons on their lapels.

"Sometimes I go all the way thru a pitch and people think I'm from the VA," said James L. Lyons, state manager of C. T. I. "I never tell them that, but if that's what they want to think. I'm sure not about to tell them otherwise."

He embellishes on the role by informing prospective students about other benefits under the GI Bill, including death benefits and $125 for a cemetery plot.

A C. T. I. district manager, Angelo Lomonaco, trying to sell a home-study course to a reporter, told him:

"I always say, if you can use someone else's money and not your own, then use that other person's money. The VA is picking up 90 per cent of the cost. If you don't use your benefits . . . the government will spend it on another country."

C. T. I.'s Edward Kelly, executive vice president, said in an interview that posing as a VA representative was a "cardinal crime." He said the school did not provide the "Help Out A Veteran" buttons and said he found them as offensive as a "help the blind" badge on a person who can see.

Some schools rely on what the trade calls "hardware" to induce students to sign for courses. It may be an expensive set of tools one gets to keep [paid for by the government if you are a veteran], the motor one builds, or—in the case of Bell & Howell's home-study schools—a television set.

Salesman E. F. Cihak, in attempting to encourage a reporter to take Bell & Howell's television repair course, told him he would get to keep the 25-inch TV set as part of the deal, and explained:

"Now, the total program is $1,795—but the TV set alone is worth $735, and you get $500 worth of equipment. If you have VA benefits you might as well use them, right?"

Cihak, the same man who claimed Bell & Howell placed 100 percent of its electronics graduates, was fired by the school after The Tribune brought his sales tactics to the attention of Bell & Howell officials.

Bell & Howell's own placement figures do not hold up either, the Task Force found.

Bell & Howell provided a list of former students of the home-study electronics school it said were situated in electronics-related jobs by the school's placement service.

Of 24 persons on the list located by The Tribune, 22 said they found work without assistance from the school and 7 said they are not even working in the electronics field.

One of them, David McDivitt, a veteran from Wakefield, Neb., is listed as having been placed in a "maintenance technician's" job by the school. Actually, he said, he is working as a janitor, sweeping egg shells in an egg-processing factory.

William Carson, executive vice president of the school, admitted that many of the names checked by The Tribune "perhaps should not have been included on the placement list." He blamed some of the errors on a shift of files from one office to another.

At Advance Schools, Inc., 1340 W. 79th St., which recently filed a bankruptcy petition, students were pitched to take advantage of two government financial programs, the GI Bill and Federal Insured Student Loan (FISL).

Joyce Skowronski, an Advance representative, told a reporter posing as a prospective student that he could bank his GI benefits and draw interest on them while paying for the course with federally guaranteed FISL funds, which would not have to be repaid until 33 months after he enrolled in the school.

An official of the Department of Health, Education and Welfare, which administers the FISL program and is investigating the Advance operation, termed the sales tactic a "sharp practice" that was never anticipated by Congress.

About 95 per cent of Advance's 70,000 students nationwide were using the FISL program when the school filed bankruptcy petitions in May. Charles Chase, assistant to the president of the school, denied that the school had abused the intentions of the FISL program but said the school had to constantly police "recruiting abuses."

The latest wrinkle in correspondence school sales pitches is offering students a rebate, such as those auto dealers devised to help combat the recession.

International Correspondence Schools of Scranton, Pa., in April came up with an "official cash discount certificate" worth $100. Daniel Kerne, an I.C.S. salesman trying to interest a Task Force reporter in an airline course, told him:

"The program costs $995, but because you are a veteran [the VA pays 90 per cent of the cost and the student pays 10 per cent], it will cost you nothing. You will get the $100 rebate, and you will be ahead a little bit."

Richard W. Baker, information service officer for the VA regional office in Philadelphia, advised by The Tribune of the new program, said the government is looking into it.

"If the school were to submit the full cost of the course before the discount, and the VA were to pay it, it would constitute fraud," he said.

Vincent Termini, an I.C.S. spokesman, said the VA had been informed of the rebate program, but not until long after it had begun.

Many salesmen never see the schools whose courses they peddle and either operate from storefront offices or from the cluster of motels around O'Hara International Airport.

A reporter enlisted as a salesman for I.C.S. took his training at the Flying Carpet motel on Mannheim Road. When calling on prospects, he was advised by James Barksdale, I.C.S. district manager:

"Act professional. Hand him your coat, never say please and thank you, or you are not living up to your image. Refuse refreshments. People are basically friendly, but if you lose your air of formality, you lose everything.

"And never say International Correspondence School," Barksdale continued. "Say I.C.S. school.

"Avoid the word 'correspondence.' It has a bad name."

[From the Chicago Tribune, June 12, 1975]

REGULATION OF CAREER SCHOOLS USUALLY TOO LITTLE, TOO LATE

TASK FORCE REPORT

Each year, 3.3 million consumers gamble their money on promises of a better life thru education. Some win. Others lose at the hands of some unscrupulous operators in the correspondence and trade school industry. This, the last in a series, looks at the lack of adequate laws and regulation found in a three-month investigation by The Tribune Task Force. Pamela Zekman directs the Task Force staff of William Crawford, William Gaines, and James A. Jackson.

Ellen Trapp suddenly discovered she owed $244 to a home-study school, even tho she had never completed a lesson.

The 19-year-old aspiring airline hostess from Chicago signed up for an airline personnel training course with Associated Training School, and did not discover until after putting her name on the contract that all major airlines insist on training their own personnel.

Then she lost a race to cancel her contract within the five-day cooling-off period set by Illinois law and learned she owed the school a percentage of the $1,295 tuition.

"I sent a letter to the salesman at his Chicago office, but it was returned marked 'unclaimed,'" she said. "Then I read in the contract that the notice had to be sent to the home office in Miami. I tried to call Florida, but the office was closed for the day. They are in a later time zone."

By the time she finally reached the school's office, she had become the victim of a $244 delay. For Miss Trapp and the other 3.3 million consumers who enroll in correspondence and trade schools every year, there is little protection in instances such as this.

Regulation within the industry is a classic case of too many agencies doing too little. There are at least four federal and four state agencies with regulatory roles in protecting the half-million students enrolled in Illinois' 250 privately owned schools.

Reports of widespread abuses within the $3-billion-a-year industry were brought to The Tribune by Gov. Walker's Consumer Advocate's Office after the state conducted a preliminary investigation.

During a subsequent three-month investigation of 13 Chicago-area schools, Tribune Task Force reporters posing as sales trainees and students documented numerous irregularities. In the area of enforcement they found:

The State Office of Education spends only $205,000 a year from its $14 mililon operating budget for six employes to license, inspect, and handle complaints about any of the Illinois-based schools.

Dr. Michael J. Bakalis, who headed the state agency until this year, said "budgetary restrictions" prohibited adequate monitoring of the schools but admitted that "proprietary [for-profit] schools were far down the line in my interest."

Bakalis was interviewed soon after he left the post. He was replaced by Joseph Cronin, who had been in office only a few weeks at the time of the interview.

Rules and regulations governing operations of Illinois schools are not only inadequately enforced but also John D. Keller, who wrote them during the Bakalis administration, conceded the laws are probably unconstitutional and unenforceable anyway because of conflicts with statutes and vague language.

Recent attempts by the Federal Trade Commission to strengthen rules have cemented an alliance between the National Association of State and Private School Administrators (a group of government officials) and the industry it is supposed to regulate.

At the request of Bernard H. Ehrlich, attorney for the two largest trade organizations, N.A.S.P.S.A. has threatened to file suit against the FTC challenging its authority in regulating schools, if the agency continues to act independently of local officials, and not inform them about federal investigations.

The proposed FTC rules would add a 10-day cooling-off period after contract signing, during which time a student would have a chance to withdraw from the deal; better consumer protection from phony sales and placement claims; and a pro-rata system under which a student would be charged only for lessons actually taken.

"We see these new proposals as a real threat to states' authority," said Joseph A. Clark, president of N.A.S.P.S.A. "What is needed is a better working relationship between the states and the federal government."

Bakalis, who himself prefers less federal control, said:

"We don't want to emasculate a growing industry. Private and vocational schools are going to be a much more important option after high school. This section of the education scene is going to take on more importance. But I don't mean we want it to go wild."

Illinois law does not contain any of the proposed FTC provisions. And the Illinois Office of Education has only two men known as "generalists" to evaluate courses.

"Too often courses are approved in Springfiield, and they should not have been," said Thomas Pekras, assistant director of post-secondary education.

Illinois Office of Education regulations provide that agents for schools must be licensed, and that no enrollments can be sold without a perimt.

Since it takes up to three weeks to process such permits and obtain identification cards, however, some schools push salesmen onto the street, peddling education like aluminum siding without bothering to obtain the legal documents.

LaSalle Extension University advertises regularly for new sales Personnel. Three Tribune reporters who answered the ads where advanced to the front lines immediately, with neither permits nor background checks.

"Under no circumstances should a salesman be on the street selling courses without a permit," said Thomas Richardson, assistant to the director of post-secondary education. "Without that element of control, an individual could pretend to be a salesman from a given school, sign somebody up, and take the person's money and leave the state."

State regulations also prohibit certain sales tactics and make the schools responsible for what their salesmen say.

"But I don't think that is enforceable," said Keller.

He said there are conflicts between the regulations and statutes "that would be impossible to sort out in court."

Keller, who wrote the rules, now operates a paralegal trade school in partnership with Bakalis' brother, George.

Another regulation requires schools to make sure a student is qualified or is capable of understanding a course. They may give qualifying aptitude tests, but the exams must be approved by the state.

The absurdity of this became apparent after a 3d grade pupil, the son of a reporter, took a 30-minute multiple choice test offered by a travel agency school, filling out the answers in 19 minutes. The school notified the reporter, who sent in the test in her name, that her answers showed she had the "required skills and knowledge of world geography to become a travel agent."

Schools are also required to submit information relating to their present instructors, courses, and placement. But overburdened state employes can do little but stuff the data in appropriate files and assume it is correct. Task Force checks determined that job placement statistics filed by many schools were false, misleading, or outdated.

One of the more creative abuses of Illinois regulations is a device many schools use to take advantage of state refund laws to get the maximum profit from students who do not finish courses.

State regulations require a student to pay a percentage of the tuition based on the actual number of lessons finished in a course, and pay the whole tuition if more than 50 per cent of a course is completed before dropping out.

Thru a device known in the trade as "frontend loading," courses are set up so a student takes more than 50 per cent of the lessons early in the learning program.

For example, Mark Hiller, 17, tried to cancel at La Salle after completing less than two years' worth of lessons in a four-year high school correspondence course. The school told him he had to pay for the entire course—62 lessons—because he had finished 51 of them., well over half.

He discovered the school crams 35 lessons into the first study year. One of the books in the first year is 179 pages long and contains 15 home-study lessons, for example, while a 321-page book for the next year contains only one.

Another La Salle student, Thomas Dever, 17, of Prospect Heights, signed up for a course described in a brochure as "32 lessons." After completing seven, he dropped out and asked for a refund.

But the school advised him, "While our complete course does include a total of 32 lessons, recent revisions have been made and this course now contains 17 lesson submissions."

Using arithmetic Dever still can't understand, the school told him he had completed half the course, and thus owed the school money.

"I never realized seven was half of 32, or even 17," he said.

La Salle officials refused to be interviewed about complaints from students. However the school commented in writing that students need more lessons in the early stages of a course to keep their attention.

Keller condemned front-end loading as "an abuse of the law."

One solution to the front-end loading abuse is a proposed FTC pro-rata regulation, under which a student would pay only for what he gets—paying the full tuition only if the course is completed.

Minnesota is one of the few states that has instituted a similar procedure, which requires full payment of tuition only after 75 per cent of a course is taken.

Minnesota, which actively polices correspondence schools doing business in that state, also requires that a school prove it can prepare people for employment before being approved.

Kenneth Hatampa, vocational administrator for Minnesota, said the state just budgeted his office $6,000 to have outside specialists evaluate courses in which special knowledge is needed.

Public hearings on the FTC's new proposals, including the national pro rata law, will be held this fall.

Len Dunlop, president of Bell & Howell schools in Chicago, termed the proposed FTC regulations "a simplistic solution . . . like using an elephant gun to shoot a mouse.

"People think this industry is populated by avaricious, undereducated redneck ripoff artists who victimize defenseless, undereducated people. That just isn't true," he said.

"You may need more regulation. The industry isn't perfect. Or, perhaps you need better administration of the regulations that exist."

The Federal government until recently relied solely on the trade organizations themselves to accredit home study schools for participation in the department of Health, Education and Welfare's student loan program.

The trade organizations, however, inspect schools only once every five years, and accreditation requires that a school belong to the trade association and pay it a percentage of its annual sales.

As a result of growing concern over industry abuses, HEW has issued its own regulations. But Kenneth Kohl, commissioner for the Guaranteed Student Loan Program in Washington, said enforcement will be difficult.

"Congress never anticipated the ingenuity of a lot of the entrepreneurs in this industry," he said. "The student loan program gets a million loans out to students a year, and we can't allow less than scrupulous people in the program, or Congress will kick the whole thing out the door."

The Veterans' Administration also is tightening regulations, but officials here agree that, in the end, it is the buyer who must beware.

Jerome Laemet, assistant regional director for the FTC in Chicago, said:

"The victims of this are you and I—the taxpayers. Taxpayers are pouring millions of dollars into these schools."

[From the Chicago Tribune, June 12, 1975]

HE WROTE THE RULES—NOW HE'S SELLING

(By William Gaines and William Crawford)

"When you gradaute from our program, you will know more about real estate than a lawyer coming out of law school," John D. Keller, owner of Chase Professional Center, told a Tribune Task Force reporter posing as a student.

"When you get all thru, you'll be able to take depositions for lawyers, close out real estate transactions . . ."

Keller, the operator and salesman, is the same man who designed rules and regulations to protect aspiring students from misrepresentation by school salesmen, when he was a $16,000-a-year assistant legal adviser to Michael Bakalis, then state superintendent of public instruction.

After resigning from Bakalis' staff, Keller went into the trade-school business with Bakalis' brother George, who also served as a $16,000-a-year legal adviser to Michael Bakalis.

"As I recall, 33 per cent of those who graduate from our program go on to law school and become lawyers," Keller told a reporter in the center, at 188 W. Randolph St. Actually:

The Illinois Real Estate Broker-Lawyer Accord states that no one, other than an attorney and the parties involved, is allowed to close a real estate transaction.

Legal assistants cannot take depositions to be used in court as sworn statements.

The "33 per cent" who went to law school consisted of two persons, members of the school's first graduating class of five.

Keller painted a picture of a long-established, well-equipped school, claiming it had 12 classrooms. It was later determined it had one. Keller said he could contract for more if needed.

He told The Tribune the idea of owning his own school came after he and George Bakalis left the state office, and added:

"I never thought I'd own a school in my life. It was a brand new field and an area where we thought we could make money."

Keller is also legal adviser to the National Association of State Administrators and Supervisors of Private Schools. In that position, he may be called upon to advise on a policy that could affect his own school or United Systems, a truck driving school he also represents.

A Chase faculty member, Leo Athas, also worked for the state Office of Education. He served as director of legal services under Michael Bakalis and held the same position under the present superintendent, Joseph Cronin, until he resigned May 31.

"If ever Chase were involved in a case I would have disqualified myself as a representative of the state," Athas told The Tribune.

After Michael Bakalis left office, he was asked about the partnership of his brother and the man who wrote the Illinois law in their own trade school.

"It's a dilemma," he said. "Should my brother's rights as a citizen be denied because his brother is in office? The school fulfilled all the requirements. Extra caution was given the processing of the application because of the knowledge that someone would think otherwise."

[From the Chicago Tribune, June 15, 1975]

UNITED STATES, STATE PUSH TRADE SCHOOL QUIZ

(By Pamela Zekman and William Crawford)

Five new State and federal investigations have been ordered into the correspondence and trade school business as a direct result of The Tribune's Task Force series detailing abuses in the $3-billion-a-year industry.

The latest probes, ordered Friday, bring to seven the number of investigations in the wake of the Tribune series. They are:

A Federal Trade Commission investigation of several of 13 schools listed in the Tribune articles last week, to determine whether they are using fraudulent and deceptive sales tactics and advertising.

A Veterans Administration probe to determine whether there is enough evidence of fraud to justify withdrawing GI benefits from the schools.

An Ilinois Veterans Commission review of the approval of a number of the 250 Illinois-based schools, with the possibility that VA approval of several may be revoked.

A Department of Health, Education, and Welfare investigation into whether approval of several of the schools for the guaranteed student loan program should be continued.

An Illinois Office of Education investigation of the feasibility of filing civil or criminal charges against unlicensed or fraudulently operated schools.

The actions follow a proposal for major changes in the industry Thursday by Dr. Joseph M. Cronin, state superintendent of education, who said he would push for more stringent regulation of home-study schools within the state.

On Friday, Secretary of State Michael Howlett ordered an investigation into questionable sales tactics and operations of the American Truck Driving Schools, Ltd., 7750 S. Cicero Ave., where a Tribune reporter worked as a sales trainee.

Charles Cooke, special assistant to the secretary for student financial assistance of HEW, said in Washington that a number of the schools approved for the student loan program may have violated new regulations which the agency intends to "rigorously enforce."

"Some of the practices described in the series are of such great magnitude that they could result in approval being withdrawn," Cooke said. "We intend to develop our own evidence and will take appropriate action."

The new regulations require schools to disclose accurate placement and dropout information.

A major thrust of the FTC probe will be the training procedures for salesmen.

During the three-month investigation by The Tribune, reporters worked as sales trainees at La Salle Extension University, American Truck Driving Schools, and Associated Schools. At Associated a reporter was instructed to deceive young women into believing they were being judged on poise and beauty for training as airline personnel.

Tho not identifying particular schools, Jerome Lamet, assistant regional director of the FTC, said:

"We are gearing into looking more closely now at how the schools supervise the salesmen. The articles really did show the commission that one of the major problems is the salesmen in the home, and that a much more extensive investigation of verbal representations must be made."

He said the FTC also intends to use new power under the Restitution Act, which gives the commission authority to seek tuition refunds for students who are victimized by unscrupulous operators.

Claude Gillam, the director of the Chicago regional office of the Veterans Administration, said his office is attempting to determine "whether there is sufficient evidence to support administrative action by the VA [the withdrawal of benefits]."

Gillam said if his office uncovers evidence of fraud, it will be turned over to the United States attorney's office and the Federal Bureau of Investigation.

He also said he plans to meet with Eugene Duff of the Illinois Veterans Commission to determine whether he needs a larger staff to supervise the operations of correspondence schools in the state.

Duff, who said he is asking to add four more people to his 11-man staff, said American Truck Driving Schools will be one of his initial targets. The school currently has 470 veterans enrolled in its home-study course, and 11 taking driver training.

"It's really a can of worms, tho, for a guy who wants to take a course. You pull the approval, and then what does he do about continuing his studies? We have to find him another school."

Thomas Richardson, assistant to the director of post secondary education in the Office of Education, asked anyone having complaints about correspondence or training schools to send complaints to his staff at the Illinois Office of Education, Room 607, at 188 W. Randolph St., Chicago.

[Subsequently, the following report was ordered to be placed in the record:]

Report of Station

Committees on Educational Allowances

The Automated Management Information System reports show thirty-two referrals in Fiscal Year '74 and ten referrals in Fiscal Year '75 to the Station Committees on Educational Allowances. The same source shows that nineteen facilities were disapproved for payment of educational allowances.

In order to comply with a request from the Senate's Committee on Veteran's Benefits, field stations were requested to submit copies of the recommendations of the [illegible] decisions of station directors.

Copies of Committee recommendations and Directors' decisions have been received for nineteen facilities with the approval being withdrawn in four cases. In one case, the Station Director did not concur with the Committee's recommendations. The case was referred to the Central Office Committee on Educational Allowances for a recommendation to the Director, Education and Rehabilitation Service.

Reports were received from stations that did not show referrals on their AMIS Reports.

Enclosed is a listing of the field stations, the facilities, and the decisions for Fiscal Year '74 and '75.

VARO, Waco, Texas	Draughon's Business College Abilene, Texas	Approval continued
VAC, Philadelphia, PA.	Delaware Aviation Corp. Philadelphia, PA.	Approval continued
	Cherry Ridge Flying Services Homesdale, PA.	Approval Continued
	Perkiomen Airways, Ltd. Myerstown, PA.	Approval continued
VAC White River Jct., VT.	Burlington Flight School Burlington, VT.	Approval withdrawn
VARO, Louisville, KY.	Bohmer Flying Service Lexington, KY.	Approval continued 2 meetings of Committee
VARO, Salt Lake City, UT.	Sales Training of Salt Lake Salt Lake City, Utah	Approval withdrawn
VARO, Little Rock AR.	Pines Vocational Technical School Pine Bluff, AR.	Approval continued Special Compliance Survey scheduled for six months
VARO, Cleveland, Ohio	Akron Aviation Company Akron, Ohio	Approval continued
VARO, Newark, N.J.	Burlington County Airways, Inc. Medford, N.J.	Approval continued

VACO, Fargo, N.D.	Larimore Air Service Larimore, N.D.	Approval continued
VARO, Portland, OR.	Lee's Flying Service Albany, OR.	Approval withdrawn
VARO, Washington, D.C.	Modern School of Music Washington, D. C.	Approval withdrawn
VARO, Nashville, TN	Jett Barber School Memphis, TN.	Approval continued
	Steed College Johnson City, TN.	Approval continued
VARO, Montgomery, AL.	Mobile Business College Mobile, AL.	Approval continued
VARO Huntington, WV.	Huntington Airport, Inc. Huntington, WV	Approval continued
VARO Manchester, N.H.	New England Aeronautical Institute Nashua, N.H.	Referred to Central Office
VARO, Boise, ID.	Coeur d'Alene Airways Hayden Lake, ID.	Approval continued

Mr. **Wilson.** Section 105 of Public Law 93-508 directed the Administrator to carry out a thorough study and investigation of the administrative difficulties and opportunities for abuse that would be occasioned by enactment of some form of variable tuition assistance allowance program. Part of the study involved soliciting views and suggestions of interested veterans organizations, education groups, and persons receiving educational assistance.

Two sampling surveys were developed to obtain the required outside views. Data from these surveys are being reviewed at this time. Our project is on schedule. We expect to meet the established deadline of December 3, 1975, for a report to the President and the Congress.

Public Law 93-508 requires that the Administrator shall measure and evaluate on a continuing basis the impact of all programs authorized under title 38, in order to determine their effectiveness in achieving stated goals in general, and in achieving such goals in relation to their cost, their impact on related progress, and their structure and mechanisms for delivery of services.

Pursuant to this legislation, Mr. Blake E. Turner, Assistant Administrator for Planning and Evaluation, was given the assignment to implement this provision.

I am pleased that the meeting between representatives of the Veterans' Administration and the Committee staff on May 16 provided you with useful information on our plans for the implementation of section 213 of Public Law 93-508—the section relating to evaluation and data collection responsibilities of the VA. A task force has been organized to prepare detailed reports on each of our assistance programs and the other data you have requested pertinent to this new provision of law.

On July 1, Mr. Turner briefed your Committee's staff. He stated the programs within the Education and Rehabilitation Service were to be studied initially. As a result of this discussion with the staff members of your Committee, educational assistance has been selected as the prototype for program evaluation in compliance with section 213, Public Law 93-508. The selection encompasses three discrete programs listed in the catalog of domestic assistance programs and a new program contained in Public Law 93-508.

Section 213 of Public Law 93-508 seeks to achieve the maximum feasible effectiveness, coordination, and interrelationship of services among all programs and activities affecting veterans and their dependents carried out by other departments and agencies, and to achieve the maximum coordination of those programs with programs carried out by the VA under title 38. The VA is engaged in a number of cooperative activities which are currently being implemented on both a national and local level by the VA. Many of these programs are briefly described herein.

The President's April 1974 call to further improve Federal services of all kinds resulted in the establishment of the Domestic Council Committee on Veterans Services. The VA is an active member of this committee, joining other Federal agencies concerned with veterans' affairs. The VA is very active with the Interagency Jobs for Veterans Advisory Committee, which is composed of six participating agencies—the Departments of Defense; Commerce; Labor; Health, Education, and Welfare; the National Alliance of Businessmen; and the VA. The function of this committee is to help achieve the employment and training objectives of the President's veterans programs.

as recommended by the Domestic Council Committee. The Interagency Advisory Committee has developed a plan of action for fiscal year 1976 which draws upon the combined resources and efforts of the six participating agencies. This plan is expected to contribute much to the attainment of goals providing improved job placement, on-the-job training, and institutional vocational training to more than 1 million Vietnam era veterans.

The VA is also working with the National Commission for Manpower Policy. The work of the Commission centers on the development of recommendations and procedures for the opening up of potential work sites for Public Service Employment (PSE), as provided for under the Comprehensive Employment Training Act (CETA). Such "work sites" might conceivably involve VA hospitals, regional offices, or other VA installations.

The VA, in conjunction with the Department of Labor and the National Alliance of Businessmen, is working closely on employment-related goals, including implementation of the mini-résumé program for service-disabled veterans, as well as currently exploring the split-job concept which will focus on part-time employment for veterans receiving educational benefits. Fiscal year 1976 will see the nationwide expansion of this concept. VA also provides representatives at Veterans Employment Seminars—sponsored by NAB—for veterans seeking employment counseling and contact with private employers.

Job fairs have been conducted throughout the United States, including the Washington, D.C. area. The VA works with other Federal agencies in providing expertise and assistance to veterans and participating employers at these fairs, and is instrumental in acquainting veterans with the full range of benefits to which they are entitled. We will continue to support the National Alliance of Businessmen in this worthwhile endeavor.

The U.S. Employment Service and State employment agencies have cooperative agreements with the VA, the Department of Defense, and Selective Service for providing services to veterans. Referral by the VA of job-ready veterans is a vital cooperative link in providing coordinated services.

The VA is providing input to the Military Accreditation and Apprenticeship Training Program, through which the skills needed by industry, labor, and business over the next decade will be harmonized to the maximum extent possible with the training received by servicemen and servicewomen. The ultimate goal is recognition, including licensing of military vocational training by industry and unions at national, state, and local levels. In this endeavor, the VA communicates with the Departments of Labor; Defense; Commerce; and Health, Education, and Welfare.

The American Council on Education program is another activity supported by the VA. The VA coordinates with the Department of Defense, Labor, and Health, Education, and Welfare on the evaluation of military training. The American Council on Education recently updated the "Guide to the Evaluation of Educational Experiences in the Armed Services." This 1974 publication was jointly funded by the Department of Defense, the Department of Health, Education, and Welfare and the Veterans' Administration.

The VA also coordinates with the Departments of Defense and Health, Education, and Welfare in the development of the Servicemen's Opportunity College (SOC) program.

The emphasis in this participation is to increase State concern and regard for residents in uniform. It also promotes programs which encourage concurrent enlistment/enrollment in State postsecondary systems.

Another joint venture by the VA, and the Departments of Defense, and Health, Education, and Welfare is underway. This venture focuses on attempts by these agencies—Defense is the lead agency—to promote adult high school diploma standards throughout the United States, including the feasibility and desirability of the Department of Defense awarding the high school diploma in cooperation with the academic community.

The VA has participated with the National Alliance of Businessmen in the Department of Defense Overseas Career Information Fairs conducted in Europe and Asia. Representatives of the VA brought to service personnel special expertise on veterans benefits. These representatives, cooperating with National Alliance of Businessmen and Department of Defense officials, acquainted service personnel with job assistance benefits which the VA can provide after separation from active service.

The VA's Vetreach program is implemented in cooperation with community volunteer agencies and seeks to pool the resources of these community groups with VA counselors and outreach volunteers. Each of the two Vetreach centers is staffed by the VA with as many as five staff members including a project director, social worker, and benefits counselor. The VA staff provides indepth counseling and assistance, while offering support and guidance to outreach volunteers who seek out and encourage them to make use of their VA benefits.

Checks processed for payment to veterans by the VA require some effective mode of delivery. The Treasury Department cooperates with the VA in insuring speedy processing of such checks and routing to the U.S. Postal Service for ultimate delivery to the veteran.

The VA's title VI Compliance Survey is, of course, closely involved in coordinating matters related to compliance efforts to insure equal educational opportunity. In this respect, the VA and the Department of Justice share responsibility for title VI regulations. The VA also refers complaints or areas of noncompliance for corrective action to the Departments of Health, Education, and Welfare; Internal Revenue Service; and the Bureau of Apprenticeship and Training.

Matters of compliance in hiring procedures are also coordinated with the U.S. Civil Service Commission. Referrals by U.S. Veterans Assistance Centers (VA and Department of Labor cooperative effort utilizing the "one-stop" concept), job referrals to State employment agencies, and the hiring of veterans by the VA are all done with recognition of the necessity to meet requirements as set forth by the Civil Service Commission. The VA proceeds with various other Federal agencies, on the local as well as the national level, in coordinating with the U.S. Civil Service Commission policies designed to provide consistent and fair hiring policies for veterans.

The VA has now established as a requirement that all Federal and State prisons be visited twice a year and that briefings for prison staff be conducted annually. Veteran Services Officers will schedule semiannual visits by use of their personnel, including community service specialists, veterans benefits counselors, and vet-reps. The purpose of this fiscal year 1976 goal is to conduct group briefings and individual counseling for veteran-inmates. Prison officials are also assisted by advising them as to what assistance is available for local, county, and/or State service officers and veterans service organizations, particularly with regard to specialized help in the matter of applications for review of discharge.

GSA and the VA are working closely in a joint endeavor to increase the efficiency of telephone service to veterans and their dependents. As a result of this cooperative effort, toll-free service via FX and WATS lines is being provided. If the funds are available, fiscal year 1976 will see the results of long-range traffic studies being implemented throughout the Nation.

In addition, the VA maintains ongoing coordination with HUD/FHA in matters relating to minimum property standards for new construction, reciprocal compliance inspections of new houses, and other matters affecting veterans housing, in connection with the VA home loan programs.

In implementing and carrying out these coordinated efforts, VA officials at all levels are frequently in meetings and conferences with officials of other departments and agencies. You may be assured that such meetings will continue to be scheduled to seek ways of coordinating programs to veterans and their dependents to insure full implementation of section 220 of title 38, United States Code.

In implementing and carrying out these coordinated efforts, VA officials at all levels are frequently in meetings and conferences with officials of other Departments and agencies. You may be assured that such meetings will continue to be scheduled to seek ways of coordinating programs to veterans and their dependents to insure full implementation of section 220 of title 38, United States Code.

Chairman HARTKE. Let me ask you about the information you are including in the record. Are you talking about the services the President established in April of 1974? Has that Council met yet?

Mr. WILSON. Yes, it has.

Chairman HARTKE. How many times, do you know?

Mr. WILSON. Subcommittees have been meeting quarterly Mr. Cox tells me, and working groups meet almost every week. As a matter of fact there is such a meeting scheduled for 10 o'clock on Friday morning of this week.

Chairman HARTKE. Could you send a summary of those quarterly meetings into the staff?

Mr. WILSON. Yes, I will be pleased to. See p. 1643.

Chairman HARTKE. Please go ahead with your statement.

Mr. WILSON. A comprehensive report on the vet-rep program was prepared in December 1974, and copies were furnished to the Committee. There are currently 1,327 such persons assigned throughout the country.

The favorable correspondence has continued at much the same level as was indicated in the December report. There is only minor resistance to the program in isolated spots. Acceptance of the program by school officials and the public has exceeded our most optimistic expectations.

Chairman HARTKE. My contact with universities and schools has been similar. Universal acceptance and very pleasing results.

I will insert in the record at this point material concerning the Vet Rep program which you have previously supplied to the Committee.

[The material follows:]

78-202 O - 77 - 40 pt. 1

Attachment IV-1

VET REPS ON CAMPUS

Background. In April 1974, a proposal was approved to place 1,327 Vet Reps (Veterans Education and Training Representatives) on college and university campuses to support the Veterans Administration educational assistance allowance program at institutions of higher learning. Recruitment action was announced in early May and all positions were filled by July 1.

The Vet Rep profile shows a high caliber person -- educated at or above the four year college level, age 29, 98 percent Vietnam era veterans, with both female and minority representation.

For two weeks beginning July 8 these Vet Reps were trained by VA specialists at four college locations:

Kean College, Union, New Jersey
Case Western Reserve University, Cleveland, Ohio
West Georgia State College, Carrollton, Georgia
UCLA, Los Angeles, California

They were then returned to their respective regional offices for local intensified training in regional office procedures prior to their being placed on campus for duty on August 1. A total of 2,371 schools are served either on a full-time, part-time, or scheduled visit basis and only seven schools declined service. (Enclosure number 1 gives a breakdown of this service.) (Enclosure number 2 is a listing of schools and service.)

Coordination with Campus Officials. Initially, the program met with some concern from Veterans Cost of Instruction (VCIP) coordinators due to lack of a clear understanding of the role of the Vet Rep as it relates to the role of the VCIP. Some college officials shared these concerns and a concerted effort was made by regional office management to properly explain the distinct role of each program. It was found that as school officials understood the value of having a VA representative on campus these concerns were eliminated.

Other problems surfaced, such as insufficient office space and [illegible] to the school. [illegible] reimbursement [illegible] and [illegible] service is now being provided at these locations.

Program Evaluation. The Vet Rep program was a part of a major modification in the VA educational allowance payment system. In order to evaluate the program it would be significant to review enrollment processing activities at regional offices. Area 4 of our regional offices was chosen for review, since it encompasses the most GI bill activity, representing 16 regional offices, and 13 western states (including California, the largest veteran enrollment State). As of November 11, 1974, 100 percent of expected enrollments had been processed as compared to 1973 when as of December 2, only 98 percent of expected enrollments had been processed. This represents almost a month's gain on the preceding year's enrollment schedule. During October 1973, Area 4 had an average of 10,145 educational assistance inquiries on hand as compared to 5,175 as of October 1974. This is a 49 percent decrease in the number of inquiries on hand. (Vet Rep inquiries on hand as of November 26, 1974, were less than 1,600 and fewer than 200 of these were pending more than five days. (Enclosure 3))

During a regular program evaluation by VA Central Office staff in late November 1974, a complete review of the Vet Rep program was conducted at the VA Center, Wichita, Kansas. The report shows a complete appraisal from every school served within the State of Kansas. Response from school officials was overwhelming in support of the value of the program on campus (Enclosure 4). Veterans within the State were queried about the Vet Rep service. The response from these veterans was again extremely favorable in support of the program on campus (Enclosure 5). The management of the VA Center, Wichita conducted an inspection of all Vet Rep activity and the findings reinforced the favorable comments of the university officials and the veterans served (Enclosure 6).

As the program has matured, many unsolicited, favorable comments have been received by VA staffs. The reaction by school officials, Veterans Cost of Instruction coordinators, and veterans is very encouraging. (See Enclosure number 7 for a representative sampling of recent correspondence.) (Enclosure 8 is an employee's unsolicited report on the Vet Rep program.)

Program Development and Maintenance. During the school year, the Vet Reps perform varying tasks in support of the enrollment certification and verification of pursuit. Their contact with the veteran has remained quite high. During the first month, 161,940 veterans were interviewed. During the 30-day period beginning October 22, 235,988 total veterans were interviewed. As of November 26, almost 971 thousand interviews had been conducted and by the time this report is read, the figure will be in excess of 1 million (Enclosure 9). Total educational assistance inquiries on hand over five days dropped from 1,767 in September to 656 as of November 19 (Enclosure 10). This confirms the expectation that as Vet Reps gain expertise, they will continue to see a high number of veterans. However, with more experience, they can resolve an increasing number of problems, resulting in fewer referrals to the regional office for action.

Vet Rep duty in support of the enrollment and certification process will continue to fluctuate, depending upon the time of the school year. For instance, in November 1974, more than 70,000 verification of pursuit cards were sent to Vet Reps for completion. In April more than 1,000,000 verification of pursuit cards will be sent to Vet Reps for completion. The attendance and certification of pursuit will continue throughout the school year and will begin with the following year's applications for advance payment.

Orchestration of the efficient use of the Vet Rep manpower is receiving close attention by the VA. A recent directive to field stations instructs them to provide maximum service primarily in support of the VA educational assistance allowance program. Service to institutions training veterans in nondegree programs was encouraged. While the Veterans Cost of Instruction Program was designed to create special programs to encourage and maintain veteran enrollment, it is expected that the Vet Rep will assist in these areas by expediting the VA payment system. At schools not having a VCIP coordinator, the Vet Reps will assist in outreach efforts when possible. The Vet Reps have been trained in the broad areas of veterans' benefits and will play an important role in the future efforts to the educationally disadvantaged under section 240 and section 241 of title 38, USC. They will also be assigned duties in such programs as guardianship, jobs for veterans, visits to nursing homes and in information dissemination. Each station has been directed to prepare school holiday schedules and activities which will reflect the increased scope of knowledge of Vet Reps.

The current veteran enrollment at institutions of higher learning is approximately 1,093,370 which is a marked increase from the previous years. This figure includes veterans seeking nondegree training at such schools and the Vet Reps have assisted them to the same degree that the IHL veterans are being served. We are now increasing their role at all training institutions including OJT outreach efforts. We feel that the modification of the payment process and the existence of the Vet Rep has aided veteran enrollment and veteran continuance in school.

Program Recommendations. Both long and short range plans are being considered for the Vet Rep activity. The program was originated because of a crisis in the educational payment system, particularly as the payment system related to institutions of higher learning. An overall assumption can be made that the present payment system will be continued until the initiation of a new method now under development and test procedures. It is anticipated that, even prior to the new payment system for emergencies, demands on the Vet Rep staff will be eased.

For a short range objective for the next 24 months some of the service now available for IHL students should be given to the veterans attending courses not leading to a standard college degree using the existing manpower resources. Beyond a 24-month projection there should be a reduction in the number of positions devoted to the task to about 80 percent of present staffing. After the final activation of the new payment system there can be a reassessment of the total manpower need devoted to the educational payment system and certification process. There is a continuing requirement to maintain a good method of close liaison with both the school and the veteran to both certify attendance and to give advice and assistance.

Mr. WILSON. Thank you, Mr. Chairman. We have been very, very pleased.

When the program was initially implemented, directives to the field permitted much flexibility in assignment of vet-reps to campuses. Many adjustments have been made because of the needs of veterans, the desires of the schools concerned, the availability of veterans-cost-of-instruction coordinators, and the limited number of vet-reps authorized.

I would now like to turn my attention to the question of overpayments.

Several causative factors are apparent. These include the continuing increase in the number of trainees: 30 percent in fiscal year 1971; 17 percent in fiscal year 1972; 13 percent in fiscal year 1973; 11 percent in fiscal year 1974; and 14 percent in fiscal year 1975. Benefit rates were increased by legislation effective on October 1, 1972, September 1, 1974, and January 1, 1975.

Legislative changes also closely correlate with the sharp increase in overpayments starting in fiscal year 1973. Public Law 92-540 authorized prepayments of monthly educational assistance allowances. This was effective with the checks issued in November 1972. This same law provided for advance payments as of August 1, 1973.

Changes in educational practices and philosophy have also contributed to the number of unauthorized payments of educational benefits. These include the "open door" enrollment policy, nonpunitive grading, and lax reporting of attendance and withdrawals of students. Overpayments because of these practices most generally occur when a student enrolls in a college or university that maintains no attendance records.

Chairman HARTKE. All of these changes were supported by the Veterans' Administration?

Mr. WILSON. Yes, sir.

Chairman HARTKE. Universities indicate that the requirement to take attendance of veterans would put a difficult burden on them.

Mr. WILSON. I think there is some validity to that argument. The Veterans' Administration position is that we have no authority to make the schools take attendance, but we think we do have authority and we think that we and they have a responsibility to make sure the student maintains satisfactory progress. The school has the responsibility to make notification to us when such progress is not made. Moreover, no notification is made to the Veterans' Administration when a withdrawal or a change in status takes place, then overpayment is inevitable.

We have been pleased that in a vast majority of instances the institutions are aware of this and they cooperate with us.

More liberalized provisions for certifying periods of enrollment and verifying periods of attendance were instituted to facilitate timely and uninterrupted payment of educational benefits. These provisions have largely accomplished this goal.

But in several cases of discontinued schooling, or reduced training time, notification was not timely received by the VA. Overpayments have resulted.

We have taken several administrative steps to reduce the number and the amounts of overpayments in our educational programs.

A study was completed earlier this year on the causes of overpayments and collection activities. Previously, all newly established accounts receivable were converted to our centralized accounts receivable system in St. Paul. This has resulted in much more efficient collection procedures. In fiscal year 1975, newly established accounts were $446 million. Dispositions during the same period by collections, waiver and other means amounted to $350 million.

Recently approved regulations clarify and reemphasize our policy that all schools have and enforce a policy regarding satisfactory progress of students. Our regional offices have already held meetings with State approving agencies and school officials. These meetings were held to assure that with the implementation of our new regulations, the VA will be properly and promptly notified of all withdrawals, reductions of training time, or other actions affecting entitlement to educational benefits.

DVB circulars were recently issued to assure that school officials properly cooperate with the VA in all certification procedures. Additionally, instructions have been given to our regional offices to accept less than full course enrollments from schools. When a school certifies a student's enrollment for a period shorter than the complete course, award action will be limited accordingly. The former practice of projecting the enrollment period up to 4 years will not be followed.

The responsibility of the student to notify the VA of any discontinuance or change in training will be emphasized by our oncampus representatives. In addition, these representatives will complete and sign the verification of pursuit cards instead of the students.

In each check next month there will be a check insert again notifying the veteran of his responsibility of notifying us of any changes.

The above measures, coupled with increased compliance surveys, should serve to reduce the frequency and amount of educational overpayments.

The statistical summary bears out our analysis of the magnitude and seriousness of this problem. It is requested that this table be printed as a part of my remarks.

Mr. Chairman, I would next like to discuss certain problems which we have encountered in our administration of our education programs.

In 1973, Northwest Missouri State University, Maryville, Mo., accredited for degree programs by North Central Accrediting Association, one of six recognized regional accrediting associations, entered into an agreement with ELBA Systems Corp., Denver, Colo., a proprietary profit organization and a correspondence school approved by Colorado State Approval Agency for entering veterans in their correspondence courses. The terms of the agreement were that Northwest Missouri would, through a program of independent study, confer a 2 school year—equivalent—associate of technology degree and exercise administrative control over the program. The individual courses in the program were similar, if not the same, as ELBA's correspondence course. ELBA sold and taught the course with their representatives. The degree program, based on North Central accreditation, Missouri State approval agency's favorable action, and compliance with proposed regulations on independent study published in the Code of Federal Regulations, September 27, 1973, was approved for full-time educational assistance under chapter 34, title 38, United States Code, by letter released October 19, 1973. The cost of the course to the student was $2,107 for 1 school year—equivalent—of which ELBA received $1,777.

By November 1974 more than 13,000 veterans located in approximately 40 States had been enrolled and were receiving benefits. Classes were conducted in a myriad of facilities not traditional to regular classrooms—motels, et cetera. Northwest Missouri, apparently because of inability to maintain effective administrative control, terminated its contract with ELBA and accepted no new enrollments on and after November 8, 1974. The St. Louis regional office has recovered to date more than $1,981,000 based on results of an audit of the university's certification of enrollment procedure.

Chairman HARTKE. Do you need additional legislation to deal with that problem?

Mr. WILSON. We might, sir. We have been having discussions internally within the Veterans' Administration and we will have no hesitancy in asking for additional legislation if we determine we need it to enforce our own rules.

Chairman HARTKE. You will advise the Committee if further legislation is needed?

Mr. WILSON. Yes; we will.

Chairman HARTKE. I believe the Committee would be very responsive to such legislative recommendations.

Mr. WILSON. We appreciate that. I might say that on several occasions I have discussed these general kinds of matters with Mr. McMichael and he has been very forceful in discussing your opinions and desires in this matter.

The situation described gave rise to a further revision of the VA regulations concerning independent study, effective December 24, 1974. Enrolled students adversely affected by the changes were protected if they maintained continuous enrollment. About 2,000 veterans finished the course through Northwest Missouri and the program was phased out. Significant regulatory changes December 24, 1974, were a requirement for accreditation by one of the regional accrediting associations only, a requirement for interaction between regular faculty and student, and payment at less than one-half time rate unless a major portion of study was in the traditional classroom mode. In addition, regulations on contracting out of training were implemented to require SAA approval of the course at the institution offering the course and site approval of facilities required for locations outside the State by SAA's having site jurisdiction.

During 1975 ELBA Systems entered into agreements with six colleges. These agreements differed in detail, but the colleges agreed to offer degree programs which make extensive use of study aids developed by ELBA Systems. In return ELBA Systems agreed to help recruit students to receive directly the major portion of the tuition paid to the colleges, since ELBA Systems supplies the major portion of the study materials used in the courses, such as TV reception type machinery.

Furthermore, the law provides that the Administrator shall not approve the enrollment of an eligible person or eligible veteran in any course offered by an educational institution when the course has been in operation for less than 2 years. The law also provides a number of exceptions to the 2-year requirement including an exception for a course which is offered by a nonprofit educational institution of college level and which is recognized for credit toward a standard college degree.

We asked our General Counsel whether this exception to the 2-year requirement should be applied to the ELBA course proposed to be offered by Mercyhurst College, in Pennsylvania. The General Counsel has held that where a course is offered pursuant to a contract entered into between a nonprofit educational institution and another educational institution or organization which permits outside recruiters furnished by the outside organization to obtain students for the course; payments of substantial fees to the other institution or organization for material with "profits" paid to the nonprofit school offering the course; the conducting of the training in nonacademic surroundings; or the expansion of course offerings by the institution well beyond its normal boundary, then the exception to the 2-year requirement stated earlier should not be applied.

Mercyhurst informed us that: (1) The contract with ELBA Systems Corp. had been terminated August 15, 1975; (2) the admissions representatives are now employees of Mercyhurst College; (3) the supplementary materials to have been furnished by ELBA will not be used and that already received is being returned; (4) the attendance requirements for a 3-hour course will be 39 to 40 hours, the same as other residence courses; and (5) the course will be offered at the Mercyhurst campus in Erie, Pa., and in a classroom provided by Robert Morris College, in Pittsburgh. Other locations that might be used will be in academic settings within the State.

Based upon the school's assurances of each of the above and confirmation of ELBA Systems' acceptance of the contract termination with Mercyhurst College, effective August 15, 1975, educational assistance allowance at the three-quarters time rate may be authorized to eligible veterans enrolled in the insurance and sales management degree program from August 16, 1975.

Other schools are offering the courses both at the main campuses and other sites in other States. These degree-type programs have been approved by the State approving agencies. These schools include Lewis University, Lockport, Ill.; Southwestern College, Winfield, Kans.; College of the Ozarks, Clarksville, Ark.; Salem College, Salem, W. Va.; and Lake Erie College, Painesville, Ohio.

The regional offices have been informed of the General Counsel's opinion. These courses will have to be offered for 2 years before benefits may be paid to veterans enrolled in them, unless the schools are able to comply with the same criteria as Mercyhurst.

Not only is this sort of situation developing in the area of insurance courses which were formerly offered by correspondence schools, but it is arising in an increasing number of other programs. Schools, which are accredited and which have had authority to measure courses on a credit-hour basis, are now arranging to offer courses under their name at institutions which would be authorized to offer similar courses on a clock-hour basis. Thus an accredited school with only one location may now be offering credit-hour courses at many locations, some of them outside the school's own State and area of normal operation. Some of these courses are offered by formal contract at nondegree level school sites and some are offered informally there. Some are being started in as many as 10 different States. The school thus circumvent the requirements for 2 years of operation, the 85 to 15 percent ratio requirement and clock-hour measurement.

Examples of this new trend are found in various parts of the country.

There is one further area of concern which I would like to bring to your attention.

Under the provisions of section 1503(c) of title 38, United States Code, the period of vocational rehabilitation entitlement for most blinded and seriously disabled veterans of World War II and the Korean conflict terminate on June 30, 1975. As a result, a significant proportion of seriously disabled and blinded veterans of these war periods were cut off from Veterans' Administration benefits before they had completed the training they needed to regain employability. In addition, seriously disabled veterans of these war periods who have not yet entered training, but who will need training in the years ahead, will be precluded from obtaining Veterans' Administration rehabilitation benefits. These will include veterans whose disability has prevented their entrance into training and veterans whose service-connected conditions have worsened.

The Veterans' Administration urges the Committee to give favorable consideration to legislation which would amend section 1503(c) to repeal the June 30, 1975, termination date and provide, instead, discretionary authority to the VA Administrator to extend entitlement for these veterans for such periods as he deems appropriate.

Chairman HARTKE. I think you know, Rufus, that you can count on the wholehearted support of the Committee.

Mr. WILSON. Thank you, Mr. Chairman. I would now like to turn to the legislative proposals presently pending before your Committee on which you have requested our views.

The President, on May 7, 1975, issued a proclamation terminating the Vietnam era as of that date. At the same time, the President sent to the Congress proposed legislation providing for termination of the eligibility period for GI bill education and training benefits. This proposal follows similar action taken to end the GI bill education program for World War II and Korean conflict veterans. We believe it makes an equitable distinction between those who have been required to perform military service and those who in the future choose to serve in the All-Volunteer Armed Forces. The President's request resulted in the introduction of S. 1805, the measure which is currently before your Committee for consideration.

The educational assistance programs for World War II and Korean conflict veterans, as well as those eligible under current law, have all been readjustment programs designed to help veterans to adjust from military to civilian life by affording them monetary aid to obtain an educational status they might normally have aspired to and obtained had they not served their country in wartime or national emergency. It was not contemplated that educational assistance was to be a continuing benefit.

The World War II veteran was eligible only if he was on active duty by July 25, 1947, the official ending date for World War II. He had 4 years from the date of his separation from the service in which to commence his program of education and was allowed a period of 9 years from separation to use his entitlement. A final termination date of July 25, 1956, was set for the majority of World War II veterans.

Korean veterans had 3 years following separation from service in which to commence, and 8 years from the date of such discharge in which to complete, their programs of education. A final termination date of January 31, 1965, was set beyond which no benefits were permitted under that program.

Public Law 89–358, the Veterans' Readjustment Benefits Act of 1966, established a program of educational assistance for eligible veterans who served on active duty with the Armed Forces after January 31, 1955. We believe that with the signing of the cease-fire agreement and implementing protocols of January 27, 1973, which ended our involvement in hostilities in Vietnam, it is appropriate to terminate the current educational readjustment program.

Under S. 1805, any individual entering military service on and after July 1, 1975, would be barred from accruing any entitlement to educational benefits under the GI bill. Those individuals in military service on June 30, 1975, would be permitted to accrue and utilize entitlement to educational benefits provided under current law until June 30, 1985, at which time the program would be finally ended. If it is determined that this measure be effective prospectively, the July 1, 1975, date currently provided in S. 1805, should be changed. It is our view that any termination date for the program should be prospective.

We have been informed by the Department of Defense that a specific termination date could create inequities and violate implied commitment of GI bill benefits to individuals who have enlisted in their delayed entry program. This is a program under which individuals contract to enter the military services, are immediately enlisted in a Reserve unit, and are required to go on active duty within 9 months. The Department of Defense recommended a new termination date which would provide sufficient time to alter extensive advertising and recruiting programs. They also urged that GI bill benefits be available to those individuals who enlist under the delayed entry program prior to the termination date, but do not go on active duty until after the termination date.

The Veterans' Administration has no objection to these suggestions. In conjunction with our recent report to your Committee setting forth our views on S. 1805, we enclosed a draft bill incorporating certain changes which would meet the recommendations of the Department of Defense. The draft bill would set the termination date for the GI bill program as the first day of the second calendar month following the date of enactment; would permit GI bill benefits to be provided those individuals who enlist in the delayed entry program prior to the termination date, but do not go on active duty until after such date; and would provide protection for those individuals who enlist in DEP but who are discharged or released from active duty performed pursuant to such an enlistement because of a service-connected disability. We also proposed to set 10 years from the first day of the second calendar month following the date of enactment as the final date beyond which no individual may receive GI bill benefits.

Adoption of these recommendations would, we believe, give the Department of Defense ample leadtime which they need in connection with their enlistment programs and also provide benefits for those who sign up under DEP. We understand that, as of the present date, over 60,000 men and women have enlisted in the delayed entry program, have been sworn into the Reserve, and have committed themselves to 6 years total military service, of which at least 3 years will be on active duty. If the GI bill program were to be terminated July 1, 1975, as provided in S. 1805, these persons would not be eligible. Many of these men and women have enlisted in anticipation of receiving GI bill benefits provided by current law. If they are not afforded these benefits, the Defense Department will have violated their advertised incentive and, at least it could be argued, would be obligated to release them from their active duty commitment.

Thus, we favor the provisions in S. 1805 which would provide for termination of the GI bill education program, but urge your Committee to give favorable consideration to the proposals in the substitute draft bill, cited above, which we have recommended.

In our proposed substitute, we have also included a recommendation that the predischarge education program—PREP—be terminated effective upon enactment, with a savings provision that would provide that individuals enrolled in a PREP program on that date be permitted to continue to pursue the program in which enrolled through the current enrollment period.

The PREP program was established by Public Law 91–219, effective March 26, 1970, and was designed to assist servicemen and women to prepare for their future education, training, or vocation by providing them with the opportunity to enroll in and pursue a program of education or training prior to their discharge from active duty in the Armed Forces. The program is coordinated by the Veterans' Administration and the Department of Defense.

The Department of Defense currently acquires its personnel needs through an All-Volunteer enlistment program. To attract qualified men and women into this military force, the military services recognize that they must provide effective inducements, among which educational opportunity is one of the most attractive. Extensive educational training programs have been developed by the Department of Defense as a means of recruitment and retention of sufficient, qualified individuals.

It is our view that there no longer is a need for PREP. The educational programs developed by the Department of Defense, which are available to those individuals who are in the military service, range from vocational training through graduate work. These Department of Defense programs can provide the means for obtaining high school diploma completion and/or remedial education, as required.

For these reasons, we favor amending S. 1805 to add the provisions in our draft proposal which would terminate the PREP program.

We wish to emphasize that enactment of our proposal, as well as S. 1805, would have no effect on our vocational rehabilitation program under which veterans who are disabled because of a service-connected diability are furnished vocational rehabilitation.

Section 1652(a) of title 38, United States Code, defines an "eligible veteran" for the purposes of entitlement to educational benefits. Section 1818 of title 38, in turn, relates to eligibility for loan guaranty benefits, with eligibility under this latter program premised upon the definition of "eligible veteran" set forth in section 1652(a). Thus, any proposal to amend the defintion of "eligible veteran" in section 1652 (a), for the purpose of terminating educational benefits, would, in turn, affect eligibility for loan guaranty benefits. Included in S. 1805 is specific language amending section 1818 of title 38 which would have the effect of continuing the current loan guaranty program.

The loan guaranty program was originally conceived in 1944 with the objective of diminishing, to the greatest possible extent, the economic and sociological problems of postwar readjustment of the millions then serving in the Armed Forces. This concept arose because of the feeling that veterans, in view of their service in the Armed Forces, had missed an opportunity to establish themselves in a business or profession, and to establish a credit rating which could be the basis of borrowing to acquire a home. The loan guaranty program was an attempt to place veterans on a par with their nonveteran counterparts.

The VA home loan guaranty program, from its inception in 1944, to the end of 1974, has been instrumental in inducing private lenders to extend $109 billion to more than 8.7 million veterans to purchase or construct homes. Of these, about 54 percent already have been paid in full and only about 3.5 percent went into foreclosure. In addition, through the direct loan program, the VA has helped another 321,000 veterans become homeowners, by directly lending some $3.2 billion.

The estimated net cost to the Government of the loan guaranty program and the direct loan program, through fiscal year 1974, has been $827.2 million.

It should be pointed out that those persons now entering military service are doing so voluntarily and in time of peace. This fact, coupled with the increases in pay granted members of the Armed Forces in recent years and the annual comparability pay raises now provided, makes it possible that such readjustment benefits may be considered unnecessary.

Eliminating loan guaranty eligibility for post-Vietnam peacetime veterans would be consistent with the administration's goal of eliminating duplicative Federal programs. Further, the peacetime veteran would still have the opportunity to receive housing assistance by obtaining an FHA loan insured by the Department of Housing and Urban Development. Veterans with 90 days or more of active service are eligible—under section 1709(b)(2) of title 12, United States Code—for such loans with more liberal down payment terms than the usual FHA loans.

It is the position of the Veterans' Administration that, should the Congress decide to either continue or terminate the loan guaranty program, we would have no objection. If the program were to be terminated concurrently with the education program, this would have no effect on the entitlement of veterans of World War II, the Korean conflict, or any veteran who serves after January 31, 1955, and before any termination date which might be set for this program.

In summary, Mr. Chairman, the Veterans' Administration favors termination of the current GI bill education program, but favors the substitute draft proposal which would carry out the recommendations of the Department of Defense set forth earlier in my statement, and favors termination of the PREP program with the savings provision protecting the right of individuals currently enrolled to continue their programs through the period in which enrolled. Should the Congress decide to either terminate or continue the loan guaranty program, the Veterans' Administration would have no objection.

Mr. Chairman, I would next like to turn to S. 969, a bill which has as its purpose the allowing of 45 months of educational assistance entitlement to those veterans, pursuing programs of education under the GI bill, who have served a period of 18 months or more on active duty after January 31, 1955, and to dependents training under the War Orphans' and Widows' Educational Assistance Act.

The purpose of the GI bill has been to restore lost educational opportunities to those individuals whose careers have been interrupted or impeded by reason of their active duty service, and to aid them in attaining the educational status to which they might have normally aspired and obtained had they not served their country. The purpose of the War Orphans' Educational Assistance Act has been to provide an educational status for children which they would have otherwise attained but for the death or permanent disablement of their veteran-parent. Expansion of that program to include the wives and widows of such service-deceased or service-disabled veterans was designed to enable these individuals to attain an education to permit them to assume the position of breadwinner of the family.

It is our view that 36 months of entitlement for both veterans and dependents is reasonable and equitable, since it permits the individual to attend 4 years of college, based on actual semester attendance of about 9 months each, or to attend a program of education not leading to a college degree for 3 full years.

Historically, there has always been a statutory limit on the number of months of entitlement available to veterans and dependents. Under the World War II GI bill program, a veteran, who served on active duty for a period of 90 days or more, and who was discharged or released under conditions other than dishonorable, was granted entitlement to 1 year of educational benefits, plus the time he was in the active service between September 16, 1940, and July 25, 1947. A maximum of 4 years of benefits was also set. In enacting the Korean conflict GI bill program, the Congress granted veterans 1½ months of benefits for each month of active duty service, with a maximum 36 months of entitlement. At the time the original law setting up the current program was approved in 1966, the Congress provided 1 month of assistance for each month of active duty service, again with a 36-month maximum. Entitlement was subsequently increased to the Korean-type measurement of 1½ for 1 but the 36-month maximum was retained. Under current law, a veteran who serves continuously on active duty for 18 months or more receives 36 months of entitlement, an extra benefit not available to Korean veterans.

Throughout the history of the War Orphans' and Widows' Educational Assistance Act, eligible dependents have been allowed a maximum of 36 months of educational assistance.

As I have noted, in most instances, a period of 36 months provides sufficient time to complete a 4-year college program or a vocational program. To meet special needs, provisions have been added to the law in recent years which have the effect of providing benefits for veterans and dependents, under certain specified conditions, without having their entitlement charged. Veterans, wives, and widows, for example, who do not have a high school diploma or who need refresher, remedial, or deficiency courses to qualify for enrollment in an appropriate educational institution may receive benefits without charge to their entitlement while pursuing such courses.

In recently enacted Public Law 93–508, the Congress added a provision to permit an eligible veteran who is entitled to 36 months of educational assistance, but has not attained his standard undergraduate college degree, up to 9 additional months of benefits for the pursuit of such a degree program. In addition, under all three GI bill programs, where a veteran's entitlement runs out while he is enrolled in a program of education, he has been permitted to continue in that program for an additional limited period of time.

Thus, in these special circumstances, veterans, wives, and widows may currently receive benefits for more than 36 months.

We believe that current law provides sufficient entitlement for veterans and dependents seriously concerned with pursuing their programs of education or training. In addition, the cost of S. 969 is wholly unacceptable. Although the original estimates we gave your Committee last spring indicated that the cost of S. 969 would be $76.9 million during fiscal year 1976, recent enrollment data now indicate that the bill would result in higher costs. We currently estimate that the cost of the measure in fiscal year 1976—assuming an effective date of January 1, 1976—would be $126.9 million and for the period through 1980, the estimated cost would be $482 million. A cost increase of this magnitude is substantially in excess of the amounts which can be afforded for this program, particularly in view of the overall Federal budget deficit. For these reasons, we oppose enactment of S. 969.

The Administrator, on February 6, 1975, transmitted to the Congress draft legislation providing for restoration of the 8-year time period within which veterans, wives, and widows, pursuing programs of education under the GI bill and War Orphans' and Widows' Educational Assistance Act, have to complete their programs of education. This resulted in the introduction of S. 817, which is presently pending before your Committee.

As the Administrator pointed out in his request, the Veterans' Administration believes that the 8-year period granted under the laws establishing eligibility for educational pursuits by these individuals provided ample periods of time for them to commence and complete their programs. In enacting Public Law 93–337, effective July 10, 1974, the Congress provided a 10-year period of eligibility.

We feel that the additional time provided under that extension law discriminates against veterans who served in both World War II and the Korean conflict and who were not granted the same eligibility period. We, therefore, recommend a return to the 8-year limitation provided under earlier law. We would point out that under the proposal, those veterans currently enrolled whose eligibility would terminate by reason of enactment of such a proposal would be permitted to continue their program of education until the end of the quarter, term, or semester in which they are enrolled.

Another bill pending before your Committee is S. 836. This measure would provide 36 months of educational entitlement to any eligible veteran who served for a period of less than 18 months and was medically discharged because of a service-connected disability. No provision has been made in the GI bill for the granting of any additional period of entitlement where the veteran was discharged or released because of a service-connected disability. Instead, the Congress has provided a separate program, administered by the Veterans' Administration, under which the service-disabled veteran may be granted up to 48 months of educational benefits to assist in his vocational rehabilitation. To be eligible for this program, which provides for payment of all educational costs plus a monthly subsistence payment, a veteran need only establish that he is in need of vocational rehabilitation and has a service-connected disability which is, or but for the receipt of retirement pay would be, compensable for VA compensation purposes.

It is our view that the granting of 36 months of educational assistance to any veteran discharged because of a service-connected disability would be a departure from the readjustment concept of the GI bill and that a better benefit, under most circumstances, is available to the service-disabled veteran through our vocational rehabilitation program. Therefore, we oppose the enactment of S. 836.

The final measure on which you have requested our views is S. 2100, a bill which would permit veterans to pursue programs of flight training at flight schools outside the United States. Under current law, the only training veterans may pursue outside the United States is that taken at institutions of higher learning. The rationale behind this restriction is to assure that the veteran receives worthwhile training. It would be extremely difficult for the Veterans' Administration to judge the qualifications of every one of the various small flight schools throughout the world. For this reason, we oppose the enactment of S. 2100.

Mr. Chairman, this concludes my presentation. My associates and I will be pleased to respond to any questions you may have.

Chairman HARTKE. Mr. Wilson, I want to thank you for your fine statement. I do, however, have some difficulty reconciling your testimony today urging termination of the GI bill with testimony you presented on the same subject a year ago.

A year ago, Senator McClure submitted a written question to you which asked, and I quote: "What is the purpose of continuing to have an open-ended eligibility period for veterans educational benefits when America's military involvement in Vietnam has terminated and the draft is no longer in operation."

The Veterans' Administration officially responded in writing as follows, and again I quote:

> The purpose is to continue to provide benefits for those who under the All-Volunteer Army serve on active duty in order to aid them in adjusting to civilian life. As long as there is a need for active duty personnel, there is a need for readjustment benefits.

That was the answer of the Veterans' Administration a year ago. My question is, what has happened in the intervening period to change the situation in which—to use a phrase of a former press secretary—that answer is no longer operative.

Mr. Wilson. The VA has many female employees and we reserve the right to change our minds. [Laughter.]

Chairman Hartke. In this day and age of equal rights that might be looked upon as a chauvinist statement.

But isn't it a fact that the only thing that has changed is that the White House and the Office of Management and Budget have told you that they wanted to end the GI bill?

Mr. Wilson. Much thought has been given within the VA as to what consideration ought to be given to the GI bill with regard to an All-Volunteer Army. Traditionally, there has been a date set on which previous GI bills have been terminated. Studies that were made concluded with differing views, differing opinions. One was that concurrent with an All-Volunteer Army, there needed to be a GI bill for recruitability.

But it turned out the All-Volunteer Army is being very successful. Thus, the reason for continuing that GI bill was not nearly as valid as it was in the past. Traditionally, GI bills have been for adjustment to civilian life following military service.

They have been traditionally concerned with assuring that an individual could pursue that objective that he probably otherwise would have pursued had he not gone into the military service. With an All-Volunteer Army these conditions are not there.

The VA believes the bill should be terminated as similar bills have been terminated in the past.

Chairman Hartke. In 1966, and I am reading from the law as passed, Public Law 89-358, section 2, and I quote "The Congress of the United States hereby declares that the education program created by this chapter is for the purpose of (1) enhancing and making more attractive service in the Armed Forces of the United States * * *." Has that purpose changed?

Mr. Wilson. Yes, sir. I think it has changed to the extent the All-Volunteer Army has been placed into effect and has been very successful.

Chairman Hartke. One of every four people going into the military service today said they would not go in at all unless the post-service educational benefits were held out to them as an incentive. The Defense Department's own study shows that.

The point is—it is very difficult for me to see what has changed so radically in the last 32 years while we have had the GI bill. What has changed with the All-Volunteer Army as compared to the draft?

Educational benefits available to veterans as they come out of the service are designed for readjustment to provide educated people for our Nation who by some circumstance, have been deprived of the opportunity for an education.

Now to say, for example, that the military can do a better job of educating these people, does not disturb me an awful lot; although, I have to admit that I think the VA does a better job of being housemother to the tax dollar than does the military—in fact, I think it is pretty generally accepted that the military is probably one of the most wasteful Government operations we have. We have accomplished nothing with such a transfer except to set up a whole new bureaucracy to duplicate what has worked successfully during the last 35 years. Your testimony today indicates the VA is pretty much on top of the whole veterans' educational process in this field.

If we are going to terminate the educational opportunities for veterans, what hope is there for an infantryman who is released from service unless he is going to become an urban guerilla.

Mr. WILSON. I would respond to that in this way, appreciating your concern for this matter, but the traditional GI bill has been an adjustment bill following or during a war or a national emergency.

Chairman HARTKE. It has been traditional but what will be the difference for the person who comes out of the service in the future and finds, the traditional education benefit is gone?

Mr. WILSON. It is a bill to let a man go to school to achieve an objective he had been precluded from achieving because of his military service. There was a time when we had the cold war period, then the hot war period, they cover some of the inferences in your statement. But in each time there was a period of emergency. There is no such emergency now.

The Veterans' Administration recognizes that education in and of itself is a good objective but we do not believe that for those who have served in an All-Volunteer Army that it should be achieved under a VA program.

Chairman HARTKE. The no-emergency period is only a difference of declaration. The man in the All-Volunteer Army is out there for one single reason only and that is, if needed, to sacrifice his life for his country.

That is what he is there for. It should make no difference whether there is an emergency period or a declaration of war. If you don't need him to sacrifice his life for his country then you don't need the military.

That is an elementary fact of life. I understand the restrictions the Veterans' Administration are under from the OMB and from the President to adopt their policies in conformity with the overall administration policy.

Mr. WILSON. I want to add this, Senator, I would not want any of my remarks to deprecate the services that those in the All-Volunteer Army provide, and I agree with your comments as to why they are there, but if we carried that to the extreme, we would have had a GI bill since the Revolutionary War.

Chairman HARTKE. If you walk out into America tomorrow the people would tell you the GI bill is the one program they look to with a great deal of approval. There have been some abuses, and we are trying to correct those abuses, but I think you would agree the GI bill is one program which receives a lot of complimentary statements.

Mr. WILSON. We certainly appreciate your remarks in that regard.

As you know, the Administrator and everybody in the Veterans' Administration is essentially proud of the overall record made by the GI bills. They have been tremendous bills and generally well administered. I think that is so in the overall context even taking into account some abuses and some administrative nightmares.

Chairman HARTKE. Your testimony today deals with a number of problems related to overpayments by the Veterans' Administration. I understand that a comprehensive report concerning overpayments was prepared last March.

I wonder if you could submit that report for the record.

Mr. GREENLAND. We can submit it for the record.

[The report can be found at the conclusion of the Veterans' Administration s testimony.]

Mr. WILSON. I might say, Mr. Chairman, we are getting comprehensive reports about once a month on this problem.

Chairman HARTKE. What is the current percentage rate of collection of overpayments by the Veterans' Administration and how does this compare with the overpayment collection rate of World War II and the Korean confict programs?

Mr. WILSON. I don't have the specific comparison figures but we will try to get those and submit those for the record. Roughly, we get 80 percent of the money back that has been overpaid. We do this in several ways.

If a student merely changes his enrollment time from full time to three-quarters, the following month we would recoup out of his next month's check. That is almost an automatic recovery. We then have demand letters we send out to veterans from our Saint Paul centralized records and in many instances, they immediately refund the money they have been overpaid.

In some instances we have to get pretty persistent about it and then money is refunded. Also, a veteran might drop out of school and then go back to school later on. In that case, we would also recoup.

In the final analysis, we turn over some bad debts to the General Accounting Office for collection. In some cases we also not only go to the veteran for collection of the overpayment but in those cases where the school has willfully not done what they should have done, we have the responsibility and authority to go to the school to collect overpayments and this we do.

Chairman HARTKE. In 1970 the General Accounting Office recommended that the number and amount of educational assistance overpayments could be reduced by issuing to the regional office a computer listing of accounts receivable grouped by individual schools. I also understand the VA began to do that but discontinued the practice in 1973. In view of the continuing increase in overpayments, can you tell us why that practice was discontinued?

Mr. **Wilson**. I will have Mr. Thornton speak to that. But since that time, we have instituted this organization we have in St. Paul which is an endeavor to centralize all accounts receivable functions from all 58 regional offices. We have this one central place where we do our collection activity. Under those circumstances it did not seem to us we should go back to these computer listings at the individual regional offices.

I am not really familiar with the total background of that entire endeavor and I would like to have Mr. Thornton comment.

Chairman **Hartke**. Do you appreciate the difference? Rufus is talking about the collection from the individual; the GAO is talking about the identification of the institution giving the most trouble.

Mr. **Wilson**. You mean the specific schools causing more difficulty than other schools?

Chairman **Hartke**. That is right.

Mr. **Thornton**. We did issue those lists for some time. We checked with our regional offices after a period of time and found after a couple of years they were really not that useful. We make an individual determination on each overpayment whether or not there is potential liability of the school for the overpayment and recently we have begun stressing the necessity for this determination to be made and to look at each case where there is an overpayment and to apply this provision of the law on liability of the school.

So we do look at each individual case at the regional office.

Mr. **Wilson**. May I make this observation. In those instances where it comes to our specific attention that a school has been causing more than the normal amount of problems, we increase our number of compliance surveys at that school and we also ask the State approval agency to increase its number of visits to that school.

To that extent we do identify them. But we are not currently doing specifically what it was that the GAO recommended.

Chairman **Hartke**. How many staff members have you assigned to the compliance section for that purpose?

Mr. **Wilson**. For that specific purpose?

Chairman **Hartke**. Yes.

Mr. **Wilson**. I will have to supply it for the record. I don't recall that we have added people to the staff for only that specific purpose. They have multipurposes.

We have increased the number of people on our veterans' assistance program for overall efforts. I will have to try to break it down for you, Senator Hartke.

Chairman **Hartke**. I am trying to find out, are you regularly identifying this problem? In other words, in relation to the schools themselves as distinct from the individuals?

Mr. **Wilson**. We are certainly trying to. I think schools in one nearby State would be an example where we think we have identified every school that is a problem.

Chairman **Hartke**. How well can you review a school with the staff you have now?

Mr. THORNTON. We are trying to review the schools, the colleges, and universities that have 300 or more veterans enrolled, 25 percent each fiscal year. That would be once every 4 years.

Chairman HARTKE. If you increased the number of reviews do you think you could reduce the overpayment load?

Mr. WILSON. There is no doubt in my mind it would help.

Chairman HARTKE. In 1971, the General Accounting Office reported to Congress that automatic processing of training change notices by the VA could save considerable operating expenses and could also reduce the amount of overpayments. The Veterans' Administration assured both the GAO and the Congress that such a recommendation would be implemented by June 1972. However, such automation has never been adopted by the Veterans' Administration.

I wonder if you could tell us why it has not been adopted and why there has been a change of position, if there has been a change of position of the VA on that issue?

Mr. THORNTON. We are processing most with a review of the folder; however, we have a computer-generated certification form prepared at the termination of the enrollment period, and they are sent to the school to be used as a turnaround document. Most of these are processed without the folders. Most of the other cases from experience, we found, we made too many errors and we do pull the folders before we authorize payment of benefits.

Chairman HARTKE. At my request, the GAO briefed the staff on GAO's preliminary findings from investigations they have been conducting on VA overpayments. According to preliminary findings, it takes an average school 68 days from the effective date of change of veteran status to submit that change notice to the Veterans' Administration. If those delays are deliberate, will action be taken by the VA to impose liability on those schools?

Mr. WILSON. Yes, sir.

Chairman HARTKE. If the delays are not deliberate but rather the result of inadequate personnel to process the changes would that not call for a substantial expansion of the number of work-study students at those schools to speed up notification to the VA?

Mr. WILSON. I would be willing to look at the problem and the possible solution. I would not be prepared to give an answer at this moment. But certainly if they have a serious workload problem at a school and it was indicated work-study students could help work it out, I would certainly look favorably on it, Senator.

Chairman HARTKE. I have a series of questions submitted by Senator Thurmond which I will submit to be answered for the record.

Mr. WILSON. Yes, sir.

Chairman HARTKE. I will have some additional questions that I will submit to be answered for the record.

Senator Stafford, do you have any questions or comments?

Senator STAFFORD. Thank you, Mr. Chairman. Mr. Wilson, I understand your statement to recommend that the GI bill be terminated. My first question therefore is, what alternatives, if any, to the GI educational program do you recommend?

Mr. WILSON. Senator Stafford, I would have to say the VA is not recommending any alternative, just its termination. Those individuals already in it would continue to have entitlement. But we are not recommending any alternative.

Senator STAFFORD. How many veterans are currently on the educational rolls under the program?

Mr. WILSON. About 2.7 million was the figure for last year. We anticipate for this fiscal year it will go to 3.3 million.

Senator STAFFORD. Do you have any projection for next year?

Mr. WILSON. The projection is it will start to taper off. This will be the peak year. It will start to taper off next year and go substantially downward for the next 5 years.

Senator STAFFORD. This may already be in the record but if it is not, can you tell us what the current cost of the program is for the current fiscal year?

Mr. WILSON. About $5.4 billion. Am I correct?

Mr. GREENLAND. Yes, but based on the current training load it may go higher than that.

Mr. WILSON. Our budget figure is $5.4 billion but we think there will be an increased number of trainees, and this cost more than that.

Senator STAFFORD. Could you explain the procedure together with the time lapse and the safeguards which the VA affords when a case of nonreceipt of an educational check occurs?

Mr. WILSON. I will ask Mr. Thornton to respond to that.

Mr. THORNTON. At a college if a student does not receive his check, we have a Vet-Rep on campus who has a direct line to the regional office. He calls into the office, the case is expedited. If a payment is due prompt action is taken to release the information immediately. The information is fed back to the Vet-Rep who contacts the student.

Mr. WILSON. I get a report on my desk every Wednesday morning for discussion that afternoon on the number of inquiries received last week, the number resolved that week, and on all cases older than 5 days.

Senator STAFFORD. Can you tell us how many of those you might get on a given day?

Mr. WILSON. I can tell you that last year there were about 1 million from all over the country of every description. A check inquiry, however, has many definitions. Generally it is, "when can I expect my first check?" It might be: "I have changed my enrollment from three-quarters to full time, what am I now going to get?" It might be going all the way from that to an out-and-out goof where we did not send the man the check he was entitled to.

So about a million a year. We could break that down mathematically. They would be very heavy during fall enrollment. They would be heavy in February at the time of spring enrollment and there would be a substantial volume as summer enrollment starts.

Senator STAFFORD. It is my understanding the VA set up a pilot program of computer terminals to help process claims, particularly educational claims. Could you or one of your associates describe this program for the Committee?

Mr. WILSON. It is a pilot program leading to what we hope will be the future. We have cathode-ray tubes where an individual office can resolve an inquiry about an individual's pension compensation, or education claim. By pressing some buttons a screen appears like a television screen. It gives the exact status of the person's claim.

With this pilot program, we are having great success in the Washington, D.C., regional office and in Baltimore, Philadelphia, New York and Los Angeles. These offices are tied into computers both in Chicago and in Austin, Tex. It is a system that we think in the future will enable us to adjudicate claims much faster, where we can get answers more quickly, and one which will not require the pulling of a case folder. We think the cost will ultimately save the Federal Government and the Veterans' Administration money while at the same time giving us a vehicle to greatly increase service.

Senator STAFFORD. You are using the word "pilot", Mr. Wilson. That reminds me that pages 5 and 6 of your statement, you commented on 50-percent-employment requirements for various educational activities within 2 years of departure from a student course. Would you or your associates comment on the effect that has had on these various aviation schools around the country? Teaching flying to GI's.

Mr. THORNTON. The instructions on making the survey went out in May of this year. The schools, if they did not already have placement information, could ask for an extension of time to make the survey and we authorized the State to give them until November 1 to make the survey. The State must review it and get it to the VA by December 1.

We have had a number of inquiries and letters from flight schools saying this is a very difficult thing for them to meet. However, practically all of these schools I understand did ask for an extension to make the survey. I don't know what results they are getting. But they are complaining this is a burden on them because of the economic conditions, and there are indications some of the schools are not getting favorable responses. We don't, however, have an official report.

Mr. WILSON. I might ask Mr. Thornton to explain this flight training benefits program in more detail.

Mr. THORNTON. Before a student can enter a flight training program he must possess a private pilot's license. He can only enter a program approved by the State approving agency, that is FAA certificated. The student must have a vocational objective in the field of aviation except for those that are going to use it as ancillary training for some other occupation. For example, a physician, or veterinarian, or someone who might have a rural area or section of the country, or an attorney who might travel from city to city using a plane, might use it to train for ancillary purposes in that category.

Those people, if they are employing it or using it in their occupation would be considered as employment related in this 50 percent placement.

Senator STAFFORD. What target type license does the student have to go for? Commercial or——

Mr. **Thornton**. Except for ancillary training, they must have at least a commercial license, commercial pilot's license, as their goal.

Senator **Stafford**. I wonder if you would be willing on November 1 to advise this subcommittee what you find out about that, what is turned in by the various flight schools around the country?

Mr. **Thornton**. We will get the reports from the States at the regional offices by December 1, 1975. It will be about the first of the year before we actually get the report in the central office. We will be glad to provide the Committee with a report as soon as we get it.

Senator **Stafford**. Thank you.

To go back to our final question, your use of the computer pilot program terminals, how do you insure privacy for veterans whose data may be placed in the computer?

Mr. **Wilson**. Senator, I don't want to get myself involved in too technical of an answer but I don't know of anything that has been given more consideration than the assurance of privacy as we work with these computers. We currently have very restrictive systems with respect to information given out. The computers have certain safeguards built into them to assure as much as we can that the Privacy Act will be strictly enforced.

Chairman **Hartke**. The information will only be turned over to the CIA, FBI, CBS, ABC, and the AP and UPI.

Mr. **Wilson**. And also the Boy Scouts and the PTA.

[Laughter.]

[The table on Education Account Receivable in thousands of dollars follows:]

EDUCATION ACCOUNT RECEIVABLE

[In thousands]

	Fiscal year—				
	1971	1972	1973	1974	1975
Balance, start of year	$8,406	$13,972	$20,155	$60,580	$123,764
Establishments during year	32,987	50,785	142,411	269,027	446,332
Total available	41,393	64,757	162,566	329,607	570,096
Less dispositions:					
Cash collections and offsets	25,998	41,831	98,121	197,286	333,485
Waivers and compromises	97	199	543	907	894
Terminated	1,330	2,572	3,322	7,650	15,513
Total dispositions	27,421	44,602	101,986	205,843	349,892
Balance, end of year	13,972	20,155	60,580	123,764	220,204

Chairman **Hartke**. I congratulate you on your very fine testimony.

[The Task Force Report on VA Accounts Receivable Study (enclosure 4) previously referred to, answers questions submitted by Senator Thurmond (enclosure 5), the material on the problems of the GI bill benefits, and other related material follows:]

ENCLOSURE 4

TASK FORCE REPORT
VA ACCOUNTS RECEIVABLE STUDY

MARCH 1975

Veterans Administration
Washington, D.C. 20420

TASK FORCE REPORT

VA ACCOUNTS RECEIVABLE STUDY

Conducted by: Martin D. Carlin · Project Manager (Contr)
James White, Jr. (Contr)
Paul F. Barnett (DVB)
Wilfred Odom (P&E)

March 1975

Enclosure 4a

OPTIONAL FORM NO. 10
MAY 1962 EDITION
GSA FPMR (41 CFR) 101-11.6
UNITED STATES GOVERNMENT

Memorandum

SEP 9 - 1975

TO : Administrator (00)
THRU: Associate Deputy
Administrator (002)

DATE: AUG 20 1975

FROM : Controller (04)

SUBJECT: Report of Actions to Implement the Accounts Receivable Task Force Report Recommendations

1. Progress is being made in implementing the recommendations of the Task Force Report, as shown in the attachment. Some of the highlights on the progress being made on the 32 recommendations as of July 31, 1975 are as follows:

a. Fourteen (14) Recommendations have been implemented or are in the process of implementation.

b. Thirteen (13) Recommendations are in various stages of development.

c. Two (2) Recommendations are in the review and study phase as opposed to 14 recommendations as of June 30, 1975.

d. Three (3) Recommendations either could not, or should not, be implemented, i.e.,

Recommendation No. 9: Recommended that payments in IHL cases be suspended and to terminate cases effective date of last payment, 15 days after release of third reminder, if no response is received before that time. Considering that the verification project was installed in May 1975, it is considered premature to determine how many third reminders will be involved. Further, since pursuit cards are mailed directly to the schools or Vet-Reps at the schools, they are responsible for the verification process and the veteran should not be penalized for action not taken by others.

Recommendation No. 10: DDM reported when the project for the IHL Verification Processing was installed, no indicators were set for the accounts involved therefore no additional messages can be generated.

Recommendation No. 32: It has been determined it would be difficult to justify the establishment of a CARS revolving fund on the basis that (1) there will be a potential decline in educational workloads and (2) the money collected is benefit money which is not available to pay operating costs incident to CARS. Accordingly, staffing the CARS System should continue through the normal budget processing.

e. As of January 1, 1975 the dollar value of accounts receivable in field stations was $214.5 million. Starting in January 1975, all newly established accounts receivable were transferred to CARS and as of June 30, 1975 the field station accounts receivable have decreased by $36.6 million to $177.9 million. As field stations work off their remaining accounts, they should decrease each month and by the end of the year positive results will be obvious.

2. It should be pointed out that for a period of time stretching over two years, accounts receivable clerks at Regional Offices were, for the most part, being used on other work. They were helping to make payments to veterans. DVB is now giving increased priority to collecting overpayments. In this regard they are planning to staff CARS with approximately 190 people. This is over and above the 60 people who are in the Administrative Division at St. Paul and whose work is directly and solely related to CARS. The increased number of employees will have to come out of DVB's overall ceiling, necessarily reducing the number of people at RO's needed to administer other programs.

3. Since the remaining number of recommendations are practically all in the development phase, our next report will be made after the period ending September 30, 1975.

John Z Buford
f CONRAD R. HOFFMAN

Attachment

Concurrences:

Concur
(See Attached)
10

Concur
(See Attached)
20

Concur
(See Attached)
30

Concur
(See Attached)
06

2.

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Part I

Introduction

1. General

On July 17, 1974, the Administrator designated a Task Force to study the policies, procedures and controls governing the collections activities of the VA Accounts Receivable Operations. The Task Force under the leadership of the Controller consisted of representatives from the Chief Benefits Director, Chief Medical Director, General Counsel and Assistant Administrator for Planning and Evaluation.

2. Study Objective

To review the statutes and regulations governing the collection activities of benefit overpayments and to assure ourselves that the VA is doing everything possible to assure an aggressive control and follow-through at every agency level, not only to maintain overpayments at a minimum, but to take every action possible to reduce the volume currently existing. The study objectives logically divide **themselves** into the following two discrete segments:

> "To identify the sources or causes for the abnormal growth of overpayment accounts receivable and to reduce the incidence and volume of overpayments to the lowest possible level consistent with VA program objectives."
>
> "To reduce the outstanding overpayment accounts receivable balances through improvements in the collection and other disposition actions by improving the accounts receivable policies, procedures and practices in the VA."

3. Study Methodology

A study team composed of representatives from the Department of Veterans Benefits, Planning and Evaluation Staff and Controller conducted the in-depth study. The Department of Medicine and Surgery and General Counsel furnished representation as needed.

Initially, the scope of the study was quite broad embracing the Compensation, Pension, Education, Loan Guaranty and Medical accounts receivable programs, activities and organizational elements involved in the creation, collection or other disposition activities. As the study progressed, the main concentration was placed in the Education program which had the most significant impact on agency accounts receivable levels.

The study team included a review of statutory and administrative directives governing policies, procedures and operating practices having a significant impact on the incidence and volume of overpayments. An analysis of statistical and fiscal data, concerning the establishment and disposition of overpayment accounts receivable over the past 5 years were made to identify trends and relationships, and statutory and administrative policies, procedures and operations.

To gain firsthand knowledge of accounts receivable operations at the field station level, the following stations with the exception of Waco RO were visited. A sample of Waco's accounts receivable records were secured and evaluated.

	VA Regional Office	Accts. Rec. Cases On Hand as of 6/30/74
Area #1	New York, N. Y.	16,671
Area #2	Waco, Tex.	12,551
Area #2	Atlanta, Ga.	13,272
Area #3	Cleveland, Ohio	23,136
Area #4	San Francisco, Calif.	32,093
Area #4	Los Angeles, Calif.	55,562
	Total	153,285

The workload of the above stations represented approximately 34% of the total accounts receivables on hand as of June 30, 1974.

The VA Center, St. Paul, Minnesota and the Data Processing Centers at Hines and St. Paul were visited to determine the status of the Automated Centralized Accounts Receivable Test System (CARS) and its potential expansion beyond its five percent of the Accounts Receivable file. The VA hospitals in Washington and New York were also visited to collect data on Medical Accounts Receivable workload and activities.

4. Background

In this study of VA Accounts Receivable those receivables involving operation of the supply fund, normal operating receivables such as for sale of surplus equipment and supplies, overpayments for supplies and personal services are not included. Receivables involving breached contracts, so-called "obligated services" will be discussed. These are career residents that are paid at a rate not to exceed that of a senior physician with the provision that they will serve the VA for a period of at least 2 years after completion of career residency training. In the event they do not complete the 2 years, they are billed for the excess pay which they are paid over the salary of a regular career resident for the unserved period of the contract.

The receivables included are those resulting from overpayments of compensation and pension, education assistance, claims paid to lending institutions due to default on home and business loans to Veterans guaranteed or insured by the VA, debts due to default on direct loans to Veterans and deficiencies resulting from defaults on VA-acquired properties sold to individuals. Overpayments of insurance dividends and monthly installment payments to beneficiaries of matured endowment, disability and death policies of the GI Insurance Program are included. Also included are debts resulted for hospitalization of ineligible Veterans, emergency hospitalization, and other medical services and contingent assets. Contingent assets are bills for hospitalization or services furnished either eligible or ineligible persons where there is a possible source of recovery from a third party; employee compensation, insurance policies, tort-feasor, etc. These are usually accident cases admitted on an emergency basis. They are not recorded in the books as accounts receivable in the full value but are recorded on a percentage basis by field stations as contingent assets based on each station's experience in collections.

The receivables included in the study originate in the departments listed below:

Department of Veterans Benefits

- Compensation and Pension overpayments.
- Education assistance allowance overpayments.
- Loan claims paid to lenders under guaranty on account of default on loans. Also deficiencies on defaulted direct loans to Veterans and VA-owned properties sold to individuals (portfolio accounts).
- Overpayments of GI insurance dividends and monthly installment payments to beneficiaries of matured endowment disability and death policies.

Department of Medicine and Surgery

- Ineligible hospitalization of Veterans.
- Emergency hospitalization.

- Contingent assets (probable claims against third parties).
- Obligated services (breach of contract of career resident trainees).

The different types of receivables will be discussed separately. Data as to volume, dollar amount of establishments, dispositions, and balance on hand will be shown. When possible, the report will give the reasons or probable causes for significant changes in trends. The analysis of the accounts receivable collections and dispositions has concentrated on the education payment activities where the largest growth and accounts receivable on hand is centered. The same problems, findings and recommendations will pertain to all of the DVB accounts receivable. The Medical accounts receivable are covered as a separate item.

5. General Accounting Office Interest in the VA Education Program

General Accounting Office met with Study Team members on several different occasions to express their interest in the VA Accounts Receivable Study and to inform the team on the GAO undertaking to survey the education system. The items discussed during the meetings were as follows.

- The GAO survey of the education system will be an expansive effort across the nation and will include visits to VA offices, schools and other institutions. It will cover all facets of the education program including the furnishing of information to veterans of education benefits available; enrollment procedures through issuance of checks; how overpayments are created and recovered; and all other education procedures and operations. Strong emphasis will be placed on analyzing the operations of schools and other institutions engaged in veterans education and training. Of special interest will be the evaluation of the potential for increased receivables, increased referral of debts to GAO, what portion of the receivables will be recovered and what portion will be lost.
- GAO is automating their collection operations and will review the VA Centralized Accounts Receivable System (CARS) to determine if an interface between the two ADP Systems can be developed.

- GAO has had some success in making collections on debts referred to them. Statistics on the amount of collections are not available; however, it was estimated approximately $6,000,000 is collected annually. They are eager to receive properly documented uncollectible debts from agencies, but the VA like most other agencies is often negligent in their referral of cases.
- GAO representatives suggested that the VA collection efforts could be more effective if the VA education collection letters contained more specific information as to the overpayment. It has been their experience that many debtors repay after being given a clear explanation of the debt.
- It is pointed out that insufficient documentation is provided when referring cases to GAO. Frequently correspondence with the debtor is not included; period of overpayment, dates of last remittance, admission of debts, and note dates and default dates are often omitted; and Form 1421's showing collections, offsets, etc. are received six months late. These ommissions require GAO to deal with stations to document the referral before collections can begin. They have not complained to date but these situations will have to be corrected as soon as possible because of the potential increase in cases to be referred to GAO.

The GAO representatives were furnished copies of the VA collection policies and procedures and briefed on the VA Accounts Receivable Study objectives and areas of the fact-finding phase. The accounts receivable operations at regional offices , The CARS System and DPCs were also covered. They were also assured the VA, when requested, will provide assistance in the course of their survey.

Part II

Summary of Findings, Conclusions and Recommendations

1. Study Report Brief

The VA's total accounts receivable have been increasing steadily over the past five years and the dollar value of these overpayments are impressive. For the five-year period the total accounts receivable for all programs amounted to 901 million dollars. Over this same period 692 million dollars of these overpayments were disposed of by the field stations, i.e. 585 million dollars through collections and offsets from other benefits and 107 million dollars through Waivers, Compromises and Written-off as uncollectible. In FY 1974 the total accounts receivable for all programs were 475 million dollars, 267 million dollars were disposed of, i.e. $202 million by offsets, $34 million by cash collections and $31 million was written-off, waived or compromised. The accounts receivable on hand at the end of FY 1974 was 208 million dollars.

The Compensation, Pension, Insurance, Medical and Direct Loan overpayments have not contributed to the build-up of accounts receivable. The Guaranteed and Insured Loan debts have increased 48.5% since FY 1973 and is principally due to the increase and dollar amounts of claims paid on defaulted loans. The guaranteed and insured loan defaults will probably increase due to inflation and the present recession. When the economic situation improves the VA could expect an increase in the number of loans granted and a decrease in the number of defaults. Under these circumstances the VA is limited in its ability to reduce the causes of defaults and debts.

The largest single cause for the present and continuing rate of VA overpayments is the dramatic increase in the Education and Training overpayments starting in fiscal year 1973. The overpayments established in FY 1973 amounted to $142,411,000 as compared to $50,758,000 in FY 1972, a 180% increase. In FY 1974 the education overpayments almost doubled and reached $269,027,000. The recovery of overpayments did not keep pace with the establishments and the overpayments on hand grew from $8,406,000 in FY 1970 to $123,764,000 in FY 1974, and as of February 28, 1975 had reached $148,935,182.

The massive increase in education overpayments can be directly traced to the legislation which authorized the prepayment and advance payment of education benefits (PL 92-540), the relaxation of payment controls and expansion of the special payment provisions by the VA. The heavy concentration on the payment of benefits and failure to apply adequate resources to the recovery of overpayments have resulted in a serious build-up of back logs of debts on which collection actions have not been taken.

Reports of training interruptions, terminations and non-enrollment cannot reach the VA in time to stop prepayments or advance payments. Overpayments will continue to increase until such time as the extension of education benefits are limited or cut off . Under these circumstances it becomes paramount that the VA take action to minimize overpayments and aggressively pursue the recovery of overpayments by supplying sufficient resources and priority of attention. Highlights of the summary of findings, conclusions and recommendations are as follows:

- o The Centralized Accounts Receivable (CARS) will improve the collection of overpayments. It can handle the processing of newly established accounts with the present St. Paul computer equipment. It will need manpower support immediately and expansion of computer capability in order to bring it to full effectiveness and before it can handle any substantial increase of additional work. To process the projected workload of newly established accounts efficiently computer modifications must be made to the CP&E System and the CARS System.
- o The accounts receivables remaining at regional offices should not be transferred to the CARS System. Regional offices should concentrate their resources to effect collections or other dispositions of these debts within four or five months.
- o Immediate action should be taken to match outstanding education overpayment cases against the Compensation and Pension System and release a message to regional offices and the CARS System on those cases which match a running award. There is a potential of $6,455,000 of debts which can be recovered through offset.
- o Special payments are not being automatically liquidated. As of December 31, 1974 there were 28,827 special payments on hand with a value of $11,644,000. Eleven percent of these cases have receivables which have been outstanding since 1973 and earlier. Approximately two-thirds of the total special payments on hand will require collection actions. Recommendations have been submitted to reduce the overpayments created as a result of special payments without imparing their timeliness.

- As accounts receivable age they become "hard-core" debts and are increasingly difficult to recover. In the past five years $15,526,000 of debts were written off as uncollectible and for the period July 1, 1974 to December 31, 1974 $5,150,000 of debts were written off. There are $26,023,000 of debts with discovery dates in calendar year 1973 and earlier. Unless collection actions on these debts improve considerably, approximately 75% of these debts will become "hard-core" cases. Write-offs with few exceptions are money lost to the U. S. Government.

- The accounts receivable reporting systems provide incomplete and conflicting information as to the status of receivables. Recommendations are submitted to improve this situation and reduce significant manhours through automating the production of complete and accurate reports.

- The General Accounting Office is conducting a survey of the VA's Education System. The GAO survey will be an expansive effort nationwide and will include visits to VA offices, schools and other institutions. It will cover all facets of the Education Program including the furnishing of information to veterans on education benefits available, enrollment procedures through issuance of checks, creation and recovery of overpayments and all other procedures and operations. The GAO representatives indicated their special interest in the veterans affairs procedures and operations at the schools and other institutions and the potential VA receivable workload to be referred to GAO for collection action.

2. Summary of Findings, Conclusions and Recommendations

a. General

For the five-year period FY 1970 through FY 1974, the total accounts receivable for all programs amounted to $901 million, $82 million on hand on June 30, 1969 plus $819 million established over the five-year period. The field stations disposed of 77% of these receivables, over this same period, as follows:

	In Thousands of Dollars	% of Total Receivables
Collections and Offsets	$584,886	64.91
Written-off	80,289	8.91
Waived and Compromised	27,311	3.03
Total	$692,486	76.85

Accounts receivable on hand as of June 30, 1974 were $207.9 million, of which Education and Training receivables accounted for $123.8 million, or 59.6% of the total.

Data on cash collections for this five-year period were not available in Central Office for the Compensation, Pension and Education programs. A special report was requested for cash collections achieved in FY 1974. Their replies, plus data available for the other programs, indicated the VA had collected $34,128,127 in FY 1974 as follows:

Compensation and Pension:	$5,158,209
Education and Training:	27,150,087
Loan Guaranty:	1,491,257
Insurance:	78,488
Medical:	250,086

As explained in the study report's findings on field station collection and disposition actions, cash collections could have been greater if recovery of overpayments was aggressively pursued.

In FY 1973 the accounts receivable took a sharp upward turn. The primary cause for this rise was the large increase in education overpayments. In FY 1972 the total value of overpayments established was $110 million. In FY 1973 the total increased to over $211 million, a 92% increase. Of the $110 million increase the Education and Training Program overpayments accounted for $92 million. This same pattern was repeated in FY 1974, overpayments established were $339 million or an increase of $128 million. The education and training overpayments increased by $127 million for this same period.

b. Trends and Causes of Overpayments (Part IV)

(1) Compensation, Pension, Insurance and Direct Loans

The overpayments established and on hand are not out of line and are not contributing to the increase in VA's accounts receivable. A comparison of the accounts receivable on hand as of June 1, 1970 and June 1, 1974 indicates each program on hand at the end of the fiscal year had decreased as follow: Compensation and Pension by 19%, Insurance by 45% and Direct Loans by 27.6%.

(2) Guaranteed and Insured Loans

There has been a significant increase in the number of guaranteed loans processed over the past five years, i.e. 100.4% increase in FY 1973 over FY 1969. This is due to the increase on eligible veterans from the Vietnam War. In FY 1974 the number of loans processed dropped by 29,887 or a 10% decrease from the 299,001 loans in FY 1973. This is attributed to the high cost of housing, high interest rates and scarcity of mortgage funds. Any changes in these factors or the economy will affect these funds. Since December 1945 the limit of the guaranty has increased from $4,000 to the $17,500 authorized by Public Law 93,569, December 18, 1974.

The guaranteed and insured loan defaults and debts will probably increase due to inflation and the present recession. When the economic situation improves, the VA could expect an increase in the number of loans and a decrease in the number of defaults and debts. Under these circumstances the VA is limited in its ability to reduce the causes of defaults and debts.

The disposition actions have not kept pace with the debts established since FY 1972. In the past five years the debts on hand were increased by a net of $14,575,000. The collection of these debts are time-consuming due primarily to the fact that the individuals in the majority of the cases were in financial difficulties that resulted in the loss of their property. It is also true that prompt and aggressive collection actions will result in a higher recovery rate on other dispositions. Regional office accounts receivable operations were replete with long delays and improper disposition actions. Some debts have been outstanding for several years with infrequent or unproductive actions. This is the area the VA could make improvements and specific recommendations are made in the collection and disposition part of this report.

(3) Medical Accounts Receivable

The study of the accounts receivable in the Medical programs concentrated on debts arising from benefits and services, i.e. ineligible hospitalization and treatment of patients; emergency hospitalization; contingent assets and obligated services (breach of contract of career residents). Not included in this study were receivables involving operation of the supply fund, sales of surplus equipment, and supplies and personnel services.

The 36% increase in GM&S per diem rates from FY 1970 through FY 1974 and the 96% increase in Psychiatric per diem rates for the same period have directly contributed to the 39% increase in the ineligible hospitalization and treatment overpayments established. The accounts receivable on hand as of June 30, 1974 of $3,375,295 is 1.6% of the total VA accounts receivable on hand and not considered a problem. With proper field station attention to recovery of overpayments, this percentage could be further produced.

There is a need to develop an accounts receivable reporting system to provide the status of field station accounts receivable for ineligible hospitalization and treatments and to highlight out-of-line situations. There is also a need for information as to the dollar amount outstanding as a result of breached contracts (Obligated Services - Career Residency Trainees). No accounts receivable data on these cases are maintained in the General Ledger of accounts.

Recommendations

No. 5. DM&S field stations should review all out standing accounts receivable and obligated service debts and take the following actions.

- o Bring all accounts receivable and obligated service debt cases to a current status by immediately taking all required collection and disposition actions.

- Take prompt action to terminate or refer to GAO all cases in accordance with VA collection policy and procedures.

- Review all collections suspended cases, and those which meet VA prescribed termination criteria should be written off or referred to GAO as appropriate.

No. 6. DM&S and DVB should undertake a joint study to identify and initiate operational and procedural changes to expedite the development and furnishing of eligibility information to hospitals.

No. 7. The Controller in collaboration with DM&S develop a special onetime report to be completed by DM&S field stations as to the number, amount, age and status of the following types of receivables:

- Ineligible hospitalization and treatment.

- Emergency hospitalization.

- Any remaining obligated services-career residency debts. (The program is being phased out - DM&S Circular 10-73-14, dated February 7, 1973).

Based on the findings of the onetime report a recurring report, preferably quarterly, should be designed for Central Office and local management use to monitor the status of DM&S accounts receivable and obligated service debts.

(4) Education and Training Accounts Receivable

The largest single reason why the VA's accounts receivable have so drastically increased can be attributed to the education and training overpayments. These overpayments make up 79% of the overpayments established in FY 1974 ($269,027,000) and 60% of the overpayments on hand as of June 30, 1974 ($123,764,000). As of February 28, 1975 the on-hand balance has grown to $148,935,182.

The amount of education overpayments have far outstripped all other growth indicators for the education program. Over the past five years the number of trainees increased by 91% and the education benefit costs increased by 217%. During this same period the overpayments established increased by 1,402%. Another indication of the abnormal growth of education and training overpayments is a comparison with the Loan Guaranty program.

Since the inception of the Loan Guaranty Program in 1945 the total debts established through June 30, 1974 were approximately $340,327,000. The education overpayments established in FY 1974 alone were $269,027,000 and over the five-year period from July 1, 1970 through June 30, 1974 were $513,116 000.

The dramatic increase in education overpayment establishments can be traced directly to three reasons, (1) Legislation which increased benefit rates and authorized prepayment and advance payment of educational benefits, (2) In order to reverse the deteriorating situation of delays in release of checks to beneficiaries the VA relaxed payment controls and instituted the special payment procedures which greatly expanded the out-of-systems payments, (3) The VA is limited in assuring that beneficiaries and schools will promptly notify the VA of changes in training status.

The additional workload created and the priorities given to paying benefits had a serious adverse effect on the recovery of overpayments and accounts for the continuing increase of accounts receivable on hand. The VA is not doing all that it should to recover overpayments and as a result is losing opportunities to improve the cash collection of overpayments or offset them through deductions from overpayments. It is a fact that aggressive and prompt follow-up result in higher rates of recovery. Conversely, as accounts receivable age they become "hard-core debts" and are increasingly difficult and expensive to recover. As of December 31, 1974 regional offices had 69,976 cases,with a balance of $26,023,000 and discovery dates in calendar year 1973 and earlier. Assuming 25% of these accounts had current payments being made, there would be $19,518,000 of debts with considerably reduced chances of recovery. In the past five years $15,526,000 were written off as uncollectible. For the period July 1, 1974 to December 31, 1974 the total written off was $5,149,609 or 38% of the total written off over the past five years The volume of write-offs will increase rapidly as the backlog of old cases are worked off. The $95,758,000 of accounts receivable, with calendar year 1974 discovery dates, on hand in regional offices, will become "hard-core" cases if aggressive collection actions are not pursued. Write-offs with few exceptions are money lost to the U. S. Government.

Regional offices are instructed to review claims folders to determine if debts can be deduced from other beneficiary benefits in accordance with collection policy and procedures. Until the Pilot/Target System is developed the Education and CP&E Systems cannot automatically perform this match. At the request of the Study Team a special computer run was made to match the CARS overpayment accounts on hand with the CP&E records in the Hines DPC. The results of the match were as follows:

Total Education Cases Processed:	37,229
Number of Cases with Active Records:	4,194
Number of Cases with Overpayments still outstanding:	2,284

Of the 2,284 cases, cash payments were being made on 157 cases and offsets from C&P benefits on 153 cases. No payments or offsets were being made on 1,974 cases or 5.3% of the total education cases processed. The St. Paul Center estimated the average overpayment in the CARS System to be $496 per account. Applying this average overpayment to the 1,974 cases on which no recovery arrangements have been made offers approximatly $979,100 which could be recovered through offset from benefits. As of December 31, 1974 there were 312,282 education overpayments on hand from which no offsets from benefits were being made. The average overpayment balance outsbanding for these cases is $390 per case. Based on a match of 5.3% of the education overpayments with no deductions from benefits, the potential recovery of overpayments agency-wide could be as high as 16,550 cases with a dollar value of $6,454,500.

Recommendations

No. 15. A listing of outstanding overpayment cases, with no offsets being made, that match an active running award in the CP&E systems should be developed as soon as possible for each regional office and the CARS System. Upon receipt of these lists field stations should take immediate action to recover the overpayments by offset for those cases on which payments were not being received.

No. 16. The CP&E Systems should be modified to automatically match outstanding overpayment cases and release a message to field stations on those cases which match a running award. When this modification is installed the above listing can be discontinued.

An evaluation of the reasons for the increase in education receivables since 1970 are as follows:

FY 1971: The education and training benefits were increased by 34.6% and the number of trainees during the year increased by 30.0%. In FY 1972 the number of trainees increased by 285,000 or 17% over FY 1971. The balance on hand at the end of FY 1972 was $20,155,000. Considering the rate increase of 34.6% and the increase in the number of trainees, the overpayments on hand do not appear to be out of line.

FY 1973: In this year the overpayments established increased by 180% over FY 1972 ($142,411,000). The balance on hand increased by $40,425,000 to a total of $60,580,000. This increase was the result of PL 92-540 authorizing prepayments of monthly benefits. The prepayment provisions were implemented by the VA effective November 1, 1972. The increase in number of trainees by 263,000 over the previous year could account for some increase in overpayments but not near the %180 increase. A two percent sample in January 1973 of new accounts receivable, projected to 100%, indicated 12,500 new accounts and 17,200 increased accounts receivable would result from the prepayment concept. The Study Team's review of 63 cases indicated that of total overpayment approximatly 41.6% of the overpayment was due to prepayment.

Reports of training interruptions or terminations cannot reach the VA in time to stop prepayment checks from being issued. The prepayment concept will continue to increase the rate of overpayments until such time as the extension of benefits for peacetime veterans are limited or cut off. Under these circumstances the recovery of overpayments becomes of paramount importance and must be supported in terms of resources and priority of attention.

FY 1974 and FY 1975. The education overpayments established increased by 88.9% over the previous year and the on-hand balance has increased from $123,764,000 as of June 30, 1974 to $148,935,000 as of February 28, 1975, or an average increase of over $3 million a month. The increases are due to the continuing impact of prepayments; the implementation of the advance payment provisions effective August 1, 1973; increase in benefit rates by 22.7% for institutional, cooperative or farm cooperative courses and 18.2% for veterans receiving vocational rehabilitation training, etc.

The increased benefit rates provided in PL 93-508 will increase the dollar value of overpayments incurred after January 1, 1975. This Act was retroactive to September 1, 1974 and the retro-payment was made in early December. The following are some interesting data on the retro-payments.

Amount of Education Retro-Voucher:	$226,830,479
Number of Payees:	1,260,108
Amount of Retro-pay withheld for receivables:	6,573,452

Although over $6.5 million dollars were withheld for receivables, the amount of receivables on hand as of December 31, 1974 still increased by $11,892,000 over the balance on hand as of July 1, 1974. If not for the retro-payment, the increase would have been $18.6 million dollars.

The VA also modified the education payment procedures in May 1974. In broad terms, themodification revised the processing of IHL and BCL certifications, authorized broader use of the special payment provisions, and eliminated the bars to future payments on release of certification cards. These changes in payment procedure should reduce the long delays and time-consuming follow-up actions on delinquent certifications. The problems of failing to return or completing certifications incorrectly will be eliminated. Students will continue to receive payments until the facts of delinquent certifications are developed and valid overpayments are established. These improvements will provide better service but it must be recognized that further relaxation of payment controls will result in increased overpayments. One area of concern is the large increase in special payments.

Special payments have increased and are not being automatically liquidated. As of December 31, 1974 there were 28,827 special payment receivables on hand with a value of $11,644,123. Eleven percent of these cases have ARS established in 1973 and earlier. An analysis of these overpayments indicates approximately two-thirds of the $11,644,123 will require collection action to recover the debts. The increased volumes of special payments and the high priority assigned to their processing have created operational problems and backlogs both in regional offices and the Hines DPC. For example:

- Experienced accounts receivable personnel have been detailed for substantial periods of time to prepare special payments and to answer educational assistance inquiries. As a result, recovery of overpayments have deteriorated and accounts on hand increased.

- The increased teletype workload has required additional personnel, overtime and has caused delays in the processing on other types of transactions, i.e. file number assignments, location of folders, routine responses, etc. On November 1, 1974 one station had a 5-day delay.

- Improper or untimely input of local special payments to Hines DPC has resulted in out-of-balance conditions between the accounts of Hines DPC and Treasury. Reconciliation is difficult and requires considerable man-hours in regional offices and in the Hines DPC.

- Teletype special payment input transactions are rejected by the Advanced Record System. One station instituted a 100% review of teletypes before their release and reduced their reject rate from 1.8% to 0.49%. Two full time GS-3 employees were required on the two shifts. At the Hines DPC the reject rate is between 100 to 130 per each education processing cycle. Most of these result in duplicate payments. Field stations have not been correcting rejects promptly and as a result, as of cycle 3, March 1975 there are approximately 800 transactions totaling $593,000 that are not reflected in the accounts receivable balance. Some of these cases date back to May 1973.

- The pressure of expediting the high number of special payments has resulted in adjudication on and Finance personnel overlooking the existence of the notice of an outstanding overpayment in the claims folder and authorize a special payment without the proper offset. The records show many instances where the existing overpayment was increased due to students not enrolling as planned or terminating training before the additional payment was recovered.

One reason for the high volume of special payments is the fact that schools are not forwarding a VA enrollment certification form to regional offices in sufficient time to permit routine processing of advance payments. The situation in Northern California was so bad that the San Francisco RO Information Service dispatched a press release to that effect to head off unjustified criticism of the VA.

Recommendations

No. 11. DVB and the Controller immediately undertake a project to develop a single special payment/award input code sheet which will contain single identification information; be given special payment priority processing in the regional offices; and be forwarded to the Hines DPC via teletype. The special payments will be processed in accordance with present procedures. The award data of this single input code sheet will be extracted and placed on tape to be processed on cycle in the Education System. This change would eliminate rejects due to erroneous identification data and the resulting release of duplicate payments.

No. 12. Pending development of the above project, the use of the special payment procedure should be at the discretion of Regional Office Directors to be used for true hardship cases or for local problems generated by late receipt of enrollment documents from schools, rejected awards and workload backlogs which will not permit routine processing sufficient time for the advance pay check to be at the school when the trainee enrolls.

No. 13. Develop an insert type message to be mailed with special payment checks advising the trainee of the special payment and in the event he receives a duplicate check he should immediately return the check to Treasury. It should stress the fact that duplicate checks, unless returned, become debts requiring collection action by the VA.

No. 14. Regional offices should be directed to (1) Review the Hines DPC listing of outstanding 04T and 04G transactions and take the required corrective action, (2) Investigate all outstanding special payment receivable balances for which no recurring deductions are being made ("E" records) that are not in the CARS System and take corrective actions in accordance with collection procedures. A concerted effort should be made to clear up all erroneous "D" and "I" type records with receivable balances. The Office of the Controller (047) should require the field stations to submit a monthly report of their actions on the above two items.

The following recommendation is to minimize the impact of the payment procedure modifications.

Recommendations

No. 8. Regulation 14135(H), dated August 26, 1974, to terminate BCL cases as of "Date of Last Payment" should not be implemented. The regulation should be changed to "Date of Last Certification".

Comment:

Should the provisions of this Regulation be adopted, unless a certification is subsequently received, it would in effect wipe out the debt and eliminate any action to recover a possible legitimate debt.

No. 9. Suspend payments in IHL cases and terminate cases effective date of last payment fifteen days after release of the third reminder to the Field Station Director if no response is received before that time. If certification is later received, adjustment will be made on the facts found.

Comment:

The new procedure provides for follow-ups on delinquent certifications at 30-day intervals. During this period, payments will continue to be made. The procedure does not specify the actions to be taken if no response is received to the third follow-up letter. The above recommendation will at least stop payment after a reasonable period.

No.10. Amend the Computer Project Assignment No. 4 - 20-07E4-0917A) for IHL Verification Processing as follows: Provide for at least one follow-up message to the Veterans Services Division where no response is received to the request for confirmation of the termination of suspended cases during the conversion operation.

Comment:

The computer system modifications among other provisions will automatically terminate all suspended cases with date of last payment (month and year) more than three months earlier than the conversion month.

c. Statistical and Financial Reporting Systems (Part III)

The present sources of accounts receivable history do not supply complete information to properly evaluate the status of the VA's overpayments. For example:

- The two main sources of accounts receivable information, the Quarterly Report of Indebtedness (RCS 243-68) and the General Ledger Accounts have substantial differences in accounts receivable data, especially in dollar value of the receivables established. The RCS 243-68 Report is a time-consuming manual operation in regional offices and manual consolidating operation in Central Office.

- The General Ledger accounts are the more accurate source of overpayment information. Unfortunately, it does not provide the number of accounts receivable or contain cause codes for receivables established.

- In the Loan Guaranty Activity the amounts written-off and amount of waivers vary considerably between the General Ledger and RCS 243-68 as individual items. When lumped together, the differences are relatively small. The items should be reviewed to insure that proper classification and coding is being made.

- There are no records of cash collections on overpayments at Central Office. The raw data is available in field stations but are not reported. The data is also available in the CP&E computer system but the system has not been programmed to produce reports on the amounts collected.

- There are no reporting systems as to the costs to the VA to effect accounts receivable collections. It is not possible from data available to determine whether the VA is spending reasonable or exorbitant sums for collections per case or overall. Determinations that costs do not justify further collection efforts and the cases disposed of by other means vary from station to station.

A project assignment to automate the Compensation Pension, Education and Loan Guaranty accounts receivables was jointly developed by DVB and the Controller. The reporting system developed will resolve the problems cited above, save many man-hours, and provide the information to properly monitor the accounts receivable operations and provide accurate data as to the status of overpayments. The CARS System will have a statistical system but will not include receivables with recurring deductions nor those receivables remaining at regional offices. The project assignment dated June 23, 1971 has been suspended on the premise it would be incorporated in the Pilot/Target Systems design. In view of the enormity of the overpayments established and on hand, which will not level off in the near future, this project assignment should be reactivated.

Recommendations

No. 1. Reactivate Project Assignment Number 1-32-07-A-1-1702 to program the CP&E computer systems to provide an accounts receivable reporting system to replace the RCS 243-68 Report of Indebtedness now manually prepared by regional offices and consolidated in Central Office.

No. 2. Immediately discontinue the regional office requirement to complete Section A - Indebtedness Accounts, VA Form 24-6494, Report of Indebtedness (RCS 243-68).

No. 3. The Controller undertake a study to develop a system, automated if feasible, to capture and report all costs incurred in accounts receivable collection and other disposition activities.

No. 4. The Controller, in collaboration with DVB, review the validity of the existing criteria for determining when further collection efforts are not economically justified and adjust the criteria if required. Included in the review should be a cost vs benefit determination as to whether no collection action should be taken on cases meeting the criteria or whether an attempt be made to recover some of the overpayments through the release of computer generated letter(s).

d. Collections and Dispositions of Education Accounts Receivable (Part V)

The evaluation of the regional office accounts receivable operations disclosed their collection actions started to deteriorate in FY 1973 and have become replete with long delays between actions and actions that were not taken in accordance with collection policy and procedures. Examples common to all stations visited by the Study Team are as follows:

- Regional offices released 49% of their required letters timely, 35% late and 16% of the letters that should have been sent, were not developed and released.

- Regional offices have not done all that they should to recover overpayments, e.g. failed to send second and third demands; failed to follow-up when debtor stopped making payments, or promised to pay or reenroll in school; failed to follow-up with explanations and demand letters when debtor denied the debt or requested an explanation; locator actions were not followed-up; and of the 180 accounts examined, 45 accounts would have met the standards for termination actions or referral to the GAO if the regional offices had taken proper and timely actions.

- The status of accounts, thirty days after the date of the third demand letters should have been dispatched, revealed the following.

Need demand letters or follow-up action:	25.0%
Need action to terminate or refer to GAO:	25.6%
Need debtor location action:	1.1%
Response pending but not overdue:	15.5%
Regular payments being made:	22.2%
Withholding from benefits:	9.5%
Cases terminated or referred to GAO:	1.1%

The reason for the deterioration of the collection activities has been a combination of an exploding overpayment workload and the low priority given to the recovery of overpayments. The accounts receivable personnel, almost invariably, are detailed to special pay and Educational Assistance Inquiries (EAI) units to provide the trained manpower and expertise necessary to keep this burgeoning workload under control. As the workloads for special pay and EAIs grow, more of the experienced accounts receivable manhours are detailed out and sometimes permanently assigned to payments and inquiries. As a result, the better experienced manpower were drained off leaving a short-handed staff with a receivable workload that almost doubled over the last fiscal year.

The productivity and effectiveness of the operations Sections of Finance in DVB were good according to the Operating Performance Report for FY 1974. The findings of this study point to serious ills in the accounts receivable system that the work measurement and quality control program did not surface. Explanations for this situation are simple... productivity and effectiveness are measured by receivables established; if no other collections action were taken effectiveness would always be good as long as the workload doubles eacy year. The quality and timeliness controls should have told another story. The operating performance reports should be revised to reflect the true picture of the regional office effectiveness.

Veterans Representatives interviewed suggested that VA press releases should emphasize the students responsibilities in reporting changes of status, address, schools, etc. They also strongly suggested that the "Assistance" part of the program should be stressed over and over again. They also believed schools were not fulfilling their responsibilities and do not process enrollment documents timely, report terminations or interruption of training timely, etc. They strongly recommended an expansion of compliance surveys.

All of the evidence collected by the study team, station personnel comments and overpavment reports points to the conclusion that with very few exceptions regional offices were not performing an effective collection operation. Although the overpayments drastically increased they might have been handled, except for the fact that for the past 30 months management has stressed payments, special payments, and EAIs and paid little attention to recovery of overpayments. The build-up of receivables in all stations and the growing age of these receivables will compound the collection problems and considerably reduce the chances of recovery.

Recommendations

No. 17. Accounts receivable on hand at regional offices should not be transferred to the Centralized Accounts Receivable System (CARS). Regional offices should be directed to concentrate their resources on recovering the debts through collection or offset or should complete other disposition actions within four or five months.

No. 18. Revise the DVB work measurement standards used for processing accounts receivable to more accurately inform management of productivity and timeliness of performance related to accounts receivable.

No. 19. Regional offices should conduct refresher training for adjudication and accounts receivable personnel in payment and collection procedures, as appropriate.

No. 20. More frequent compliance surveys for schools and other institutions should be conducted to dtermine their effectiveness for timely processing of Certifications of Enrollment and reporting of changes of training status.

No. 21. VA press releases should emphasize the veterans' responsibility for prompt reporting of changes of address, changes in training status and the importance of returning unearned check payments. They should stress the fact that delays in reporting could cause an overpayment which the VA is obligated to collect.

No. 22. VA Manual MP-4, Part 1, Chapter 5, Claims Collection Policy should be updated to include the following:

- The Centralized Accounts Receivable (CARS) fiscal instructions for the St. Paul Center and other regional offices.
- Paragraph 5D.06 relating to establishing suspension dates is no longer appropriate in view of the policy changes in paragraphs 5D.01(b) and 5D.04(a).
- Revise Exhibit A "Administrative Debt Procedures Guide" as follows:

  Credit Reports: Page 5-38, Demand Letters, amount $50 or more. The third sentence should be changed to obtain credit report with third letter rather than with second letter as provided in Paragraph 5B.02b, page 5-8.

  Suspension of Collection Action: The guide should be revised to conform with the standards for suspension of cases as outlined in paragraph 5D.01.

e. Centralized Accounts Receivable System (CARS) (Part VI)

The conversion of newly established accounts receivables to the CARS System offers many benefits:

- It eliminates the need for the difficult and time-consuming operations for the existing accounts in regional offices and will save many manhours for both CARS and regional offices.
- The newly established accounts will not be encumbered by problems which have existed for months and in some cases years. Regional Office personnel are in a better position to clear up these cases.
- Computer generation of second and third collection demand letters (Hines DPC produces the first letter and the follow-up on delinquent payments will save manhours and eliminate lenthy delays that presently occur in the release of these letters to debtors.
- The Centralized Accounts Receivable Division, in the St. Paul Center, being a centralized activity will be able to concentrate its efforts solely on the recovery of overpayments. This has not been the case for accounts receivable personnel in regional offices the past year or so.
- Since regional offices will no longer be receiving newly established accounts receivable they should be able to concentrate on the older cases. If given sufficient priority and supervision, regional offices should be able to dispose of their accounts receivable, other than those with current and continuing payments, within a four to five-month period. This will eliminate all but a minumum number of cases to be eventually converted to CARS.
- The automation of the accounts receivable activity will eliminate many manual operations, expedite recovery of overpayments and should result in a higher number of cash collections.

The St. Paul DPC 1401 and 360/20 Computer Systems will be able to accommodate the estimated projected workload of the newly established accounts and those ending in terminal digits 00-04. This is based on the CARS System being processed on an every-other-day schedule and every-third-day during peak periods. Collection demand letters will continue to be produced once a week on weekends. The impact on service should be minor. The present computer configuration will not have the capacity to accommodate a number of systems improvements which have been identified as necessary for a highly efficient CARS System; nor will it have the capacity for any sizeable amount of additional workload, i.e., converting the cases remaining in regional offices.

The CARS Test System was developed with specific restrictions to any significant modifications to any computer program at the Hines DPC. The limitations of the St. Paul DPC IBM 1401 and 360/20 computer systems also constrained the amount of sophistication that could be engineered into the CARS System. There are systems improvements which will require modifications to the CP&E System and to the CARS system which can be accommodated by the 1401 and 360/20 computers. These improvements are necessary to bring the CARS Test System to a truly live operation and at the same time reduce the St. Paul Center's CARS manhours presently required. . The improvements set forth in the recommendations that follow should be given sufficient priority so that they can be installed within a reasonable period.

The decision to only convert newly established accounts receivable should reduce the CARS Feasibility Study Team's estimated staffing requirements for the CARS System. The extent of this reduction will have to be determined through experience. As the CARS workload increases its impact on the present work force should be closely watched and projected. It is essential that trained employees are on hand to process the workload in a timely and accurate manner

In FY 1974 collection actions on education overpayments resulted in cash payments of $27,150,087 and $7,825,513 for the first quarter of FY 1975. These collections, which are applied to the readjustments benefits appropriation 36x0137, and the centralization of accounts receivable through the CARS System presents an opportunity to investigate the use of the revolving fund technique to staff and fund the CARS System. This technique, which will be funded from the 36x0137 appropriation, would provide the resources to aggressively pursue the recovery of overpayments and also provide a built-in source for costing the CARS operations.

Recommendation

No. 23. Continue to process the CARS workload on a daily basis in the existing IBM 1401 and 360/20 computer systems. When the workload starts to exceed the capacity of the computer systems, change the processing cycles to an every-other-day schedule and every-third day during peak periods. Continue to produce collection demand letters once a week on weekends.

No. 24. As regional office vacancies occur in positions applicable to receivable processing, the positions should be transferred to CARS for as long as there are requirements for these positions.

No. 25. The following CARS and CP&E systems improvements which should reduce manpower requirements and improve accounts receivable operations, should be given a high priority for development and implementation.

(1) Revise the CP&E systems to provide for the establishment of an indicator to identify accounts receivables transferred to CARS.

(2) Revise the CP&E systems to provide for the selection of accounts receivable on a cycle basis instead of the present monthly basis.

(3) Revise the CP&E systems to refer all messages on unassociated remittances or rejects of fiscal transactions to the station contained in the input transactions and not the station in the CP&E master records.

(4) Revise the Hines DPC computer generated letters to provide for the following:

o Notification to debtors to send all remittances and other communications on CARS accounts to the VA Center, St. Paul, Minn.

o Replace the present overpayment information (discontinuance date and total overpayment amount) with information as to the computation of the overpayment, i.e., the periods for which the veteran was paid, the rates and total amount; the periods of the overpayment, the rates and total amount.

- Replace the present completely generated computer letter with a pre-printed computer fill-in letter and a tear-off portion on the bottom to be returned with remittances or correspondence. The tear-off portion should contain complete information for the key-entry of remittances and the overpayment computation data for the CARD Division information.

(5) Revise the CP&E systems to provide the St. Paul DPC with magnetic tape input for the following which are normally produced from cycle processing.

- All accounts receivable transactions received from other than the CARD Division, VA Center, St. Paul, Minn. and processed at the Hines DPC.
- To replace printed write-outs requested by the CARD Division and those automatically generated by the Hines DPC for the CARS accounts.

(6) Revise the CP&E systems to combine overpayment amounts for the same debtor irrespective of class code. The combined case should remain under regional office jurisdiction. The debtor should be notified the new overpayment is in addition to any balance due on his previous overpayment.

(7) Develop identified CARS systems improvements which can be accommodated by the present IBM 1401 and 360/20 computer systems.

No. 26. Review the procedures for the preparation and routing of VA Form 20-6550, Notice of Benefit Payment Transactions to eliminate the forwarding to regional offices of those write-outs which relate to CARS accounts and do not require a regional office action or filing in the claims folder.

No. 27. The CARD Division, VA Center, St. Paul, Minn. should be considered a prime candidate for future expansion of the CP&E Inquiry System. Those regional offices which will have the CP&E Inquiry System available to them should permit accounts receivable personnel access to this facility for securing CP&E data in order to reply to correspondence or for other accounts receivable actions.

No. 28. Revise the CARS System to reduce the interval for releasing all computer generated collection demand letters from 60 days to 30 days. This revision should be implemented no later than July 1, 1975 and earlier, if possible.

No. 29. DVB and the Controller should revise existing CARS workload estimates and manpower requirements on the basis of regional offices disposing of a substantial number of accounts receivable remaining under their jurisdiction within four to five months. DDM should reevaluate St. Paul DPC computer requirements based on the revised workloads and planned systems improvements.

No. 30. Central Office and Regional Office management should ensure a concerted effort to effect collection and other disposition of the accounts receivable remaining in regional offices within a four to five-month period. After five months the remaining accounts receivable should be primarily those with current and continuing payments and these should be retained until it is determined the CARS System can process the additional workload.

No. 31. CARS workload and manpower requirements must be continuously evaluated and projected on the basis of current experience to insure the CARD, Finance and Data Processing, Administrative Divisions and the St. Paul DPC are staffed with trained personnel to meet the increasing workload on a timely and accurate basis.

No. 32. The Controller in collaboration with DVB investigate the feasibility for funding with CARS System staffing requirements through the use of the revolving fund technique.

Part III

Statistical and Financial Reporting Systems

The historical record of accounts receivable created as a result of overpayments are available from the General Ledger Accounts and the Quarterly Reports of Indebtedness. Exhibit "IIIA" outlines the sources for the statistical and accounting data. The General Ledger Accounts are derived from consolidated financial reports and department and DPC produced trial balances. The Quarterly Reports of indebtedness are prepared by individual field stations and consolidated in Central Office. The following is an analysis of the accounts receivable reporting systems.

1. Compensation, Pension, Education and Loan Guaranty Receivables

Report of Indebtedness, RCS 243-68, for quarter ending June 30, 1974 (cumulative for fiscal year 1974) was compared with general ledger data for the same period as to dollar amounts of receivable activity reported. In arriving at collections and offsets (deductions from benefits) from the RCS-243-68 and the general ledger, it is necessary to use the following formula:

Receivable balances beginning of period (Acct. No. 1217)

Plus:

Receivables established during period (Acct. No. 4043)

Result: Total receivables accountable during period.

Less:

Receivables written off (Acct. No. 4044)
Receivables waived (Acct. No. 4045)
Receivables balance end of period (Acct. No. 1217)

Result: Collections and offsets on receivables.

Note: There are no records of actual amount collected on overpayments at Central Office. The raw data is available in field stations but are not reported. The data is also available in the CP&E computer system but programs are not presently available to produce reports on the amounts collected.

Results of the comparisons (dollar amount) for each of these programs follow:

FISCAL YEAR 1974

Education Program Receivables

(Dollars)

Description	RCS - 243.68		General Ledger	
	Amount	% To Total	Amount	% To Total
Bal. 7/1/73	$54,938,640	21.17	$ 60,579,924	18.37
Established FY 74	204,493,377	78.83	269,027,099	81.63
Total Accountable	259,432,017	100.00	329,607,023	100.00
Less				
Written off	10,038,807	3.87	7,649,899	2.32
Waived	851,724	.33	907,215	.29
Collection & Offsets	127,194,665	49.03	197,285,914	59.85
Bal. 6/30/74	121,346,821	46.77	123,763,995	37.54
Total Accountable	$ 259,432,017	100.00	$ 329,607,023	100.00

Compensation and Pension

Bal. 7/1/73	$18,944,163	46.02	$ 18,915,439	33.29
Established FY 74	22,214,148	53.98	37,900,015	66.71
Total Accountable	41,158,311	100.00	56,815,454	100.00
Less				
Written off	2,239,422	5.44	1,761,916	3.11
Waived	961,782	2.34	998,098	1.76
Collection & Offsets	17,498,097	42.51	34,824,027	61.29
Bal. 6/60/74	20,459,010	49.71	19,231,413	33.84
Total Accountable	$41,158,311	100.00	$ 56,815,454	100.00

Loan Guaranty

Bal. 7/1/73	$54,396,455	69.58	1/ $ 53,215,000	65.63
Established FY 74	23,788,169	30.42	27,879,000	34.37
Total Accountable	78,184,623	100.00	81,094,000	100.00
Less				
Written Off	15,014,058	19.21	12,142,000	14.69
Waived	1,989,685	2.55	5,827,000	7.20
Collections & Offsets	3,013,184	3.85	3,851,000	4.46
Collections after Write-offs			(227,000)	.28
Bal. 6/30/74	58,167,696	74.39	59,501,000	73.37
Total Accountable	$ 78,184,623	100.00	$ 81,094,000	100.00

1/ Data obtained from general ledger statistical accounts by application of formula rounded to nearest thousand dollars.

The comparison reveals substantial differences especially in newly established accounts receivable in all three programs. Reliability of reported data is discussed for each section of the report except Section D - "Status of Accounts Receivable on Hand." There is no other report with which to compare this information. However, the receivables on hand can be aged by sorting the data on the Hines DPC quarterly print tape of these accounts. Each of the receivables on the tape contains the date of establishment. A special program to sort this data in the education program was prepared for this study. It is not possible to determine from the data on the tape whether or not collection arrangements have been made, however it can be determined whether deductions from benefits are being made. Results of the sort will be included in Part IV of this report.

ESTABLISHMENTS

The DVB Quarterly Report of Indebtedness, RCS 243-68, is manually assembled and compiled. It requires the review of a tremendous volume of computer write-outs (VA Forms 20-6560 Notice of Benefit Payment Transaction) to select those that advise of overpayment establishments, which are then broken out by program and overpayment cause codes and recorded on memorandum tally sheets. There is no information as to total number or amount of such transactions furnished each station with which to verify the results.

Several stations reported that they only picked up those newly established receivables for which accounts receivable record cards (VA Forms 24-1103) are required to be prepared (no benefits being received to apply to the receivable). At one time VA Forms 24-1103 were prepared for all establishments whether or not deductions from benefits were being made. At the time of this policy change TB 20-19 - Analysis, Control and Reporting of Overpayments, was not amended to specifically point out that the all newly established receivables should be accounted for. Another factor to consider is the tremendous increase in volume of receivables since the quarterly report of receivables was designed. It is a physical burden and a costly task, especially for the larger stations, to sort the forms 20-6560 and manually accumulate them for this report. It is also a time-consuming and costly job to consolidate the report in Central Office. Use of this section of the report to determine the average amount of each overpayment was considered. As previously stated some stations are counting only cases for which no deductions from benefits are being made. Cases where benefits are discontinued and the balances had been reduced by previous deductions from benefits would be included and a lesser average amount would result from the computations.

It can only be concluded that the Report of Indebtedness cannot be used as a reliable source of information for the VA-wide dollar value of receivables established. General ledger data was used in this study because it was more reliable.

Insofar as numbers of overpayments established are concerned the report is of some value in analyzing the causes of overpayments and in observing trends even though it does not include all establishments. It has been used in estimating the average amount of each newly established accounts receivable although the results are less than perfect.

DISPOSITIONS

Cash collections and offsets from benefits for the C&P and Education systems can only be obtained by formula in the case of the general ledger and the quarterly report. This is greatly distorted with respect to the quarterly report when the formula is applied due to understatement of receivables established whereas the balances on hand at the end of the period are reasonably accurate. The following chart illustrates this point:

EDUCATION PROGRAM

7/1/73 - 6/30/74

	RCS 243-68		GENERAL LEDGER	
	AMOUNT	% 1/	AMOUNT	% 1/
Bal. 7/1/73	$ 54,938,640	21.17	$ 60,579,924	18.37
Established FY 74	204,493,377	78,83	269,027,099	81.63
Total Accountable	259,432,017	100.00	329,607,023	100.00
Less				
Written Off	10,038,807	3.87	7,649,899	2.33
Waived	851,724	.33	907,215	.28
2/ Collections and Offsets	127,193,665	49.03	197,285,914	59.85
Bal. 6/30/74	$121,347,821	46.77	$123,763,995	37.54

1/ Percent to Total Accountable
2/ Computed by Formula

It will be noted that the general ledger shows over 70 million dollars more disposed of by collections and offsets than analysis of the report of indebtedness shows.

General Ledger	$197,285,914
Report of Indebtedness	127,193,665
G. L. difference	$ 70,092,249

Other dispositions of accounts receivable are those written off by referral to the GAO or terminated as uncollectible by regional office finance officers and those waived by field station committees or the Board of Veterans Appeals.

Amounts Written Off

Fiscal Year	Compensation and Pension RCS 243-68	Compensation and Pension GL	Education RCS 243-68	Education GL	Loan Guaranty RCS 243-68	Loan Guaranty GL
1970	$2,872,001	$2,833,653	$947,387	$652,915	$9,995,274	$6,433,000
1971	3,671,069	3,224,347	1,654,026	1,329,944	10,721,211	9,335,000
1972	3,178,853	2,730,064	3,335,678	2,571,958	10,759,620	7,977,000
1973	1,742,586	2,459,069	4,617,974	3,321,716	13,490,087	10,185,000
1974	2,239,422	1,761,916	10,038,807	7,649,899	15,015,058	12,142,000

Amounts Waived

Fiscal Year	Compensation and Pension RCS 243-68	Compensation and Pension GL	Education RCS 243-68	Education GL	Loan Guaranty RCS 243-68	Loan Guaranty GL
1970	$634,902	$778,529	$59,611	$78,114	$888,499	$2,650,000
1971	547,434	640,653	91,444	93,507	709,098	2,771,000
1972	463,983	544,902	177,497	199,072	724,634	3,527,000
1973	1,197,445	1,007,411	505,429	542,902	1,741,540	5,136,000
1974	961.782	998.098	851,724	907,215	1,989,685	5,827,000

It will be noted that in the Loan Guaranty Activity the amounts written off as reported by RCS 243-68 are considerably larger than that shown in the general ledger. In the case of waivers the reverse is true as the general ledger balances are very substantially in excess of the RCS 243-68 report. When the two types are lumped together the differences are relatively small.

TOTAL LOAN GUARANTY WAIVERS AND WRITEOFFS

	RCS 243-68	General Ledger
1970	$10,883,773	$9,083,000
1971	11,430,309	12,106,000
1972	11,484,254	11,504,000
1973	15,231,627	15,321,000
1974	17,003,743	17,169,000

There is no ready answer for the differences. The dispositions are coded and input into the accounting system at Hines. The problem could be caused by erroneous coding or in classifying the dispositions on the tally sheets maintained for the preparation of the "Quarterly Report of Indebtedness" RCS 243-68. In either case the items should be reviewed to insure that proper classification and coding will be made. For the purposes of this study the general ledger figures are used.

RECEIVABLES ON HAND

Total number and balances of receivables for each of the three programs at the end of each calendar quarter are obtained from the quarterly listing of accounts receivable balances. The listing is furnished by the Hines DPC and represents balances carried in the master records of the C&P and Education systems. These accounts are subsidiary to the controlling general ledger receivable accounts in the system.

When the C&P and Education computer systems were installed, field stations were required to maintain memorandum accounts receivable record cards on each receivable. These cards were reconciled with the listing each quarter, taking into consideration input to the Hines systems that was in transit at the time data for the listing was obtained from the master records.

The Hines C&P and Education computer systems do not include for payment purposes VARO Manila accounts and accounts for beneficiaries residing in foreign countries. The latter are handled by VBO. Manual payment systems are maintained by the two stations. Thus receivable data for these cases are not included in DPC accounts. Field stations add those accounts carried in their records to the totals on the listing. These are minimal and for all practical purposes the DPC listings are a reliable source of data and are appropriate for evaluating the status of the DVB receivables on hand.

For example the following is a comparison of the combined totals of trial balances (includes Manila and VBO foreign accounts) with the DPC data and RCS 243-68 as of June 30, 1974 for the C&P and Education Systems.

	Number	Amount
	C&P	
Hines DPC Listing	69,142	$19,055,116
Combined GL Totals	Not Available	19,231,413
Quarterly Report RCS 243-68	71,994	20,231,413
	Education	
Hines DPC Listing	341,822	$121,750,363
Combined GL Totals	Not Available	123,763,995
Quarterly Report RCS 243-68	341,953	121,346,821

It will be observed that insofar as the reliability of data for receivables on hand, both numbers and amounts, as reported by the three sources, can be used depending on what information is needed.

2. Insurance Program

The accounting records provide sufficient information for monitoring receivables for this program. When information is needed it can be obtained directly from the two stations involved. The total amount of each receivable is relatively very small.

3. Department of Medicine and Surgery

The general ledger data is the sole source of information regarding accounts receivables. The dollar information as to debts established, dispositions by type of action, collection, write-offs, etc. is insufficient for purposes of monitoring these receivables. A review of this data and observations at two hospitals reveals the need for a reporting system which would include numbers of accounts and aging of those on hand.

4. VA Costs to Effect Accounts Receivable Collections

There are no reporting systems on the costs to the VA to effect accounts receivable collections. It is not possible from the data available to determine whether the VA is spending reasonable or exorbitant sums for collections per case or overall. Determinations that costs do not justify further collection efforts and the cases disposed of by other means vary from station to station.

Present procedures recognize there is a point of diminishing returns beyond which further collection efforts are not justified. Accordingly, if the amount of a CP&E overpayment is less than $15.00, and there is no source of recovery from benefits, no collection action is taken. If the amount is less than $5.00, after application of any offset deductions, the overpayment is not established in any account or record. Considering the current and continuing inflation trends in salaries and benefits, and after the VA costs for effecting receivable collections are determined, the above criteria should be reviewed as to their validity or need for adjustment.

5. Conclusions

DVB Accounts Receivables

It is the opinion of the study team that the general ledger is the more accurate source of information as to the overpayment situation in DVB. Unfortunately the general ledger does not provide information as to numbers of accounts.

The only way to insure a foolproof system for reporting establishments, dispositions by category (collections, returned checks, offsets from benefits, referrals to GAO and other write-offs) is to automate the reporting system. The Controller and DVB developed a plan to do this several years ago, however, other computer projects have consistently been given higher priority. Project identification number 1-32-07-A-1-1702, dated June 23, 1971, was written to accomplish this objective. It is the understanding of the Study Team that the project has been suspended and the system will be incorporated in the Pilot-Target redesign of the CP&E systems which is at least two years in the future. The Centralized Accounts Receivable System (CARS) will have a statistical reporting system which is being designed to reflect establishments by cause code, collections and other dispositions. It will not include receivables not referred to CARS and those with recurring deductions.

Automating the accounts receivable statistical reporting would provide complete and accurate data on accounts receivables by field stations, CARS, and agency-wide consolidated data. It will eliminate costly manual operations in developing field station reports and consolidating these reports in Central Office. Project Assignment 1-32-07-A-1-1702 dated June 23, 1971, Title: Accounts Receivable Processing and Report, should be reactivated and a priority established for the report to be developed and installed in time for the production of the first quarterly report of FY 1976.

Until the automated accounts receivable report is installed in the CP&E system, the VA will not have an accurate count of the number of accounts receivable being established. The dollar value for establishments are accurately reflected in the General Ledger. Regional offices do not uniformily report the number of establishments in the RCS Report 243-68, Report of Indebtedness. Several stations only reported those newly established receivables for which accounts receivable record cards (VAF 24-1103) are prepared. These did not include newly established receivables which were deducted from benefits. Other stations did undertake the onerous task of sorting all VAF 20-6560s, Notice of Benefit Payment Transactions and manually count newly established receivables. Now that CARS has been installed, regional offices are no longer accounting for those cases. Reports and listings furnished Central Office, i.e. RCS 242-6 Month End Accounts Receivable Distribution C&P System Balances; COIN Education III, Education Month End Receivable Distribution; and tabulations of message transactions do not provide the number of receivable establishments. The CARS System will not solve the problem because it will be unable to report on those receivable establishments which are being withheld from benefits.

It serves no purpose for regional offices to continue to complete Section A, Indebtedness Accounts Established, of the quarterly report VAF 24-6494, Report of Indebtedness. Information on the number of new overpayments that are added to existing accounts receivable balances is not worth the manhours to collect the data. Further, if the proper effort is exerted, the regional offices should dispose of their old accounts and no longer be involved in accounts receivable collection activities.

Cost of VA Collection

The CARS System, which eventually will centralize the compensation, pension, education and loan guaranty accounts receivable processing, will enhance the opportunity to develop a system to identify and report all costs incurred in receivable collection activities. It is important that the VA know how much it is spending to complete an overpayment recovery in order to establish the level of overpayments which do not economically justify collection efforts. It would also provide a measure for reducing costs through systems improvements.

Recommendations

No. 1. Reactivate Project Assignment Number 1-32-07-A-1-1702 to program the CP&E computer systems to provide an accounts receivable reporting system to replace the RCS 243-68 Report of Indebtedness now manually prepared by regional offices and consolidated in Central Office.

No. 2. Immediately discontinue the regional office requirement to complete Section A - Indebtedness Accounts, VA Form 24-6494, Report of Indebtedness (RCS 243-68).

No. 3. The Controller undertake a study to develop a system, automated if feasible, to capture and report all costs incurred in accounts receivable collection and other disposition activities.

No. 4. The Controller, in collaboration with DVB, review the validity of the existing criteria for determining when further collection efforts are not economically justified and adjust the criteria if required. Included in the review should be a cost vs benefit determination as to whether no collection action should be taken on cases meeting the criteria or whether an attempt be made to recover some of the overpayments through the release of computer generated letter(s).

Exhibit III-A

Sources of Statistical and Financial Data

A. Statistical Data

1. Department of Medicine and Surgery

There are no reporting requirements as to the number and amount and disposition of ineligible hospitalization and treatment receivables or breached career contracts. Certain statistical data is contained in the general ledger as to dollar amounts but not numbers of cases This will be discussed under accounting sources.

2. Department of Veterans Benefits

a. Insurance Receivables

There are no statistical reporting requirements as to the number of establishments and dispositions of insurance dividends and other overpayments made in the insurance program other than that maintained in the general ledger which will be discussed under accounting sources.

b. Compensation, Pension, Education and Loan Guaranty Receivables

DVB receivables for Compensation, Pension, Educational Assistance allowance and Loan Guaranty debts (Claims paid on defaulted loans, deficiencies in defaults on direct and portfolio loans) are reported quarterly on VA Form 24-6294, Report of Indebtedness, RCS 243-68 (Attachment #1 Consolidated Report July - December 1974). Instructions for reporting are contained in DVB Technical Bulletin TB 20-19, Analysis, Control and Reporting of Overpayments, as amended. At present the report consists of the following sections :

Section A - Indebtedness Accounts Established

This section shows the number of accounts established each quarter and the dollar value by overpayment cause code (Attachment #2 Cause Codes). The same data is reflected for the fiscal year to date. Data for the report is accumulated by the RO's on tally sheets. Sources of the data for establishments of Compensation, Pension and Education overpayments are VA Forms 20-6560, Notice of Benefit Payment **Transaction**, computer output from the Hines system. Loan default receivables established at Regional Offices are input as receivables into the Hines

C&P system and in the case of Chapter 31 cases (Vocational Rehabilitation and Education) overpayment information is furnished regional offices from the separate system maintained at Hines for payment of these subsistence allowances.

Section B - Dispositions (Current fiscal year)

This section shows the dispositions made during the current fiscal year; such as waived by station, waived by BVA, suspended, terminated by station, compromised and referred to General Accounting Office. The number and amounts for the fiscal year are shown. On compromised cases the principal amount of the debts are reported, amount accepted, principal amount written off and interest foregone. The data is maintained in regional offices on informal registers.

Section C - Indebtedness Account on Hand (Active)

This section reflects the number and amounts of Compensation, Pension, Education and Loan Guaranty accounts on hand. The data is taken from the Quarterly Listing of Accounts Receivable on hand that is produced from the C&P and the Education computer systems at Hines, Ill. The station adds any receivables that are not in the computer system; for example, defaults on sales of VA acquired properties.

Section D - Status of Accounts Receivable on Hand

This is reported twice annually, December and June. The data is developed by taking a ten percent sample of the memorandum accounts receivable record cards maintained at the regional offices. It shows the number of the accounts for the three programs, for which collection arrangements have not been made, broken down by those 270 days old or less and those over 270 days old. It also reflects the number of accounts on hand for which no collection arrangements have been made and the number and dollar value of accounts on which collection action has been suspended.

B. Accounting Data

1. Department of Medicine and Surgery

Accounting data for the receivables included in this study are accumulated in these accounts. They provide analytical data as to collections made and dispositions in dollar amounts. Number of accounts are not provided.

1201 RECEIVABLE REIMBURSEMENTS--SUSPENDED--INELIGIBLE HOSPITALIZATION

The analytical account titles are descriptive.

1201.1 Opening balance current fiscal year

1201.2 Transferred to or from an active status

1201.3 Collections - cash

1201.5 Voucher offsets

1201.11 Bankruptcy or death of debtor

1201.15 Miscellaneous

1209 RECEIVABLE REIMBURSEMENTS--CURRENT STATUS AFTER SUSPENSION--INELIGIBLE HOSPITALIZATION AND TREATMENT

These are the analytical accounts.

1209.1 Opening balance beginning of fiscal year

1209.2 Transferred from suspended status

1209.3 Collections--Cash

1209.4 Collections--Cash--Compromise

1209.5 Voucher Offsets

1209.6 Collection Actions Terminated by Committee

Note: A recent change to collection policy eliminated the committee. Terminations are now made only by the fiscal officer.

1209.7 Collection Actions Terminated by Fiscal Officer

1209.8 Waived by Committee

1209.9 Waived by Board of Veterans Appeals

1209.10 Compromised - Amount after collections are applied

1209.11 Bankruptcy or death of debtor

1209.12 Collection action suspended by committee.

Note: No longer applicable.

1209.14 Collection actions - suspended by Fiscal Officer

2. Department of Veterans Benefits

a. Insurance Receivables

Analytical accounts are maintained to reflect establishments and disposition of receivables. They consist of overpayments of insurance dividends and monthly installment payments to beneficiaries of matured endownment, disability, and death policies. Number of accounts are not provided. The analytical accounts provide information as to cash collections, write-offs, etc. Titles of the accounts are listed below. The second digit is used to identify the particular insurance fund and is left blank in the title.

8_1215.00 Receivables - Basic Account - Maintained Manually

8_1215.20 Receivables - Cash Collections - Maintained Manually

8_1215.30 Receivables - Offsets - Maintained Manually

8_1215.90 Receivables Established - Current Fiscal Year - Maintained Manually

8_1215.20 Receivables - Cash Collections - Maintained Manually

8_1215.30 Receivables - Offsets - Maintained Manually

8_1215.90 Receivables Established Current Fiscal Year - Maintained Manually

8_1227.00 Receivables - Basic Account (ADP)

8_1227.20 Receivables - Cash Collections (ADP)

8_1227.30 Receivables - Offsets (ADP)

8_1227.90 Receivables - Offsets (ADP)

8_4225.00 Writeoffs - Receivables

8_4225.20 Writeoffs - Receivables - Cash Collections

8_4225.30 Writeoffs - Receivables - Offsets

The symbols assigned for the funds are:

Symbol	
1	36x8132 NSLI - WWII
2	36x4011 Vet. Spec Life Ins - Korean
3	36x4012 Service Disabled Veterans Ins Fund
4	36x0120 Vet Ins & Indemnities - (Extra Hazard Cost)
5	36X8150 USGLI - WWI
6	36x4010 Veterans Reopened Ins. Fund

b. Compensation, Pension and Education

These accounts are maintained in the general ledger for benefit overpayments (Accounts Receivable). Number of accounts are not provided.

1217 Receivables -- Benefit Payments Additions to the Account

Basically this account is increased with computer generated accounts receivable (overpayments), developed by field stations and input into the system at Hines. Also such items as uncollectible checks, duplicate checks issued and adjustments input by field stations that are not computer generated are included in the accounts.

It is important to understand that out-of-system hardship and special payments made manually through local disbursing officers or by teletype input for central payment by the Austin Disbursing Officer are nor recorded in this account when these payments are made. Such a payment will wash out if properly prepared input and the award are introduced into the system after the special payment is recorded. These payments are initially charged to account "4041 - Undistributed Benefit Payments" and are not costed. If the payment is still reflected in the master record the following month it will be converted to a receivable in Account 1217.

The conversion is made in a "no station input" special run. In December 1974, for example, the run was made in cycle 7 on Saturday, December 14. The January run was made in cycle 7 on January 17. The February run will be made in cycle 8 on February 15. Thus, a special payment input anytime into the Hines System from cycle 8 December 1974 through cycle 6 January 15, 1975 will be converted to any overpayment (42B Accounts Receivable) if it had not been offset by an award a computer writeout, VA Form 20-6560, Message Code 664, Hardship Overpayment Balance, will be sent to the Regional Office for action. They should be given prompt attention to determine if an award was processed prior to recording of the special pay (a duplicate payment) or if erroneous input caused the problem. In either case corrective action is urgent.

In general, the account is credited with collections, Treasury checks returned, computer offsets from award or amended award actions payable under the same system in which the receivable is established. Other reductions are input for offset of benefits from a different system, waivers and amounts written off by field stations, cases referred to the General Accounting Office for further collection and unassociated items determined to be for application to receivables.

Accounting data for the amounts written off are contained in the following accounts:

4044 Benefit Receivable Write-offs - Additions to the Account

In general, the account is increased by the amounts written off as uncollectible at field stations and those debts referred to the General Accounting Office. The account is credited with collections and offsets from benefit awards that are applied to terminated (written off) accounts that are maintained in the statistical series. It is credited with amounts reported by the GAO as collections on accounts referred to that agency.

4045 - Benefit Overpayments Waived

Additions to the account are the total amount of waivers of overpayments by field stations and Board of Veterans Appeals.

c. Loan Guaranty

1162 Veterans Liability Account

This is an asset account maintained by fund to reflect debts due from veterans and co-obligors resulting from claims paid in settlement of defaulted guaranteed or insured loans, deficiencies remaining after liquidation of the security for acquired mortgage loans under the loan guaranty program, or balances due after acquisition of property through foreclosure of direct loans. The first 2 digits of the 6-digit account number identifies the fund:

44	Fund symbol 36 x 4024 Direct Loans.
46	Fund symbol 36 x 4025 Loan Guaranty.
4-	When the second symbol is blank the account is used for either of the funds.

The account is maintained by analytical accounts under the CP&E computer system at Hines. The analytical accounts reflect sources and disposition actions on the debts. The titles of the analytical account are fairly descriptive.

441162.1	Deficiency Under Defaulted Direct Loans.
441162.2	Veterans Liability Account - (Refunds or repayments of principal).
441162.3	Veterans Liability Account (Benefit Deductions).
441162.4	Liability Transferred to Third Parties.
441162.5	Veterans Liability Account (Authorized write-offs). This includes waivers of receivables and write-offs of balances compromised.
441162.6	Veterans Liability Account (Write-offs of uncollectibles). This represents cases written off as uncollectible by Fiscal Officers and those referred to the GAO.
441162.7	Veterans Liability Account (Transferred to or from other stations).

46 1162.1	Gross Claim	Dr
46 1162.2	Additional Cost To Acquire Property	Dr
46 1162.3	Credit for Value of Property Acquired	Cr
46 1162.4	Refunds on Claims Paid—Guaranty or Insurance Not Reinstated	Cr
46 1162.5	Principal Repayments by Veterans	Cr
46 1162.6	Balances Transferred From Mortgage Loans (1163)	Dr
46 1162.7	Liability Transferred to Third Parties	Cr
46 1162.8	Benefit Deductions	Cr
46 1162.9	Authorized Writeoffs	Cr
46 1162.10	Writeoffs of Uncollectibles	Cr.
46 1162.11	Authorized Deductibles or Approved Credits	Cr.
46 1162.12	Other Noncash Adjustments	Dr. or Cr
46 1162.13	Transferred to or From Other Stations	Dr. or Cr.
46 1162.14	Value of Property Redeemed	Dr.
46 1162.25	Claim and Acquisition Payments—Settlement Pending	Dr.
46 1162.26	Credit for Property Acquired—Pending Settlement	Cr.
46 1162.27	Accrued Claims and Acquisitions	Dr.
46 1162.31	Claims Paid, Section 1819, Chap 37, 38 U.S.C.—Mobile Homes	Dr.
46 1162.32	Accrued Mobile Home Claims	Dr.
44 1162.1	Deficiency Under Defaulted Direct Loans	Dr.
44 1162.2	Refunds or Repayments of Principal	Cr.
44 1162.3	Benefit Deductions	Cr.
44 1162.4	Liability Transferred to Third Parties	Cr.

d. Miscellaneous Receivables

A series of accounts are maintained for miscellaneous receivables. These are not of sufficient volume to warrant the establishment of separate general ledger accounts and are not listed here. They are listed and described in DVB Supplement 4, MP-4, Part V, Appendix C-3.

Attachment #1

REPORT OF INDEBTEDNESS

REPORT FOR PERIOD ENDING	December 31, 1974
REPORTS CONTROL SYMBOL	[illegible]
TO	Office of Controller (047B21) Veterans Administration Central Office Washington, D.C. 20420
SIGNATURE OF MANAGER	F. Y. 1975 (July - Dec. 1974)
NAME AND NUMBER OF PREPARING STATION	All Stations

SECTION A – INDEBTEDNESS ACCOUNTS ESTABLISHED

CAUSE CODE (A)	THIS PERIOD		CUMULATIVE (Current FY)		CAUSE CODE (A)	THIS PERIOD		CUMULATIVE (Current FY)	
	NUMBER OF ACCOUNTS (B)	AMOUNT (C)	NUMBER OF ACCOUNTS (D)	AMOUNT (E)		NUMBER OF ACCOUNTS (B)	AMOUNTS (C)	NUMBER OF ACCOUNTS (D)	AMOUNT (E)
1	3 174	612 178	6 090	1 128 110	20	340	63 230	995	151 883
2	1 650	624 542	4 157	1 318 485	21	94 315	38 945 127	184 127	71 348 951
3	–			–	22	25 013	5 133 777	38 293	8 224 557
4	4 079	447 641	6 348	669 436	23	5856	1 802 017	7 699	2 323 800
5	339	122 166	491	206 418	24	29 430	12 059 109	64 822	22 552 308
6	711	496 533	1 386	872 014	25	68 568	28 397 411	128 696	50 759 985
7	937	282 097	1 798	525 354	TOTAL (Codes 20-25)	154 954	58 003 260	295 929	104 691 499
8	10 847	1 983 624	21 344	3 781 746					
9	3 830	957 556	7 016	1 814 084	30	2320	5 864 256	4641	11 443 958
(10)	4 011	267 757	[illegible]	596 995	31				
(11)					TOTAL (Codes 30-31)	2320	5 864 256	4641	11 443 958
12									
TOTAL (Codes 1-12)	25 467	5 526 343	48 635	10 316 647	GRAND TOTAL	182741	69 393 761	349 205	126 452 104

SECTION B – DISPOSITIONS (Current FY)

LINE NO.	ACTIVITY (A)	GRAND TOTAL		COMP. AND PENSION		VR&E		LOAN GUARANTY	
		ACCOUNTS (B)	AMOUNTS (C)	ACCOUNTS (D)	AMOUNTS (E)	ACCOUNTS (F)	AMOUNTS (G)	ACCOUNTS (H)	AMOUNTS (I)
1	WAIVED BY STN. OR CO	2904	1 522 874	1 187	451 574	1 429	383 759	288	687 550
2	WAIVED BY BVA	14	24 429	2	1095	2	275[illegible]	10	23039
3	SUSPENDED	8 755	3 687 432	419	186 517	7 894	[illegible]761 493[illegible]	[illegible]2	739 428
4	TERMINATED	20 922	4 821 247	3620	556 628	15 972	2 [illegible] 279	1330	2 288 245
5	COMPROMISE	178	–	38	–	98	–	42	–
5a	PRIN. AMT. OF DEBT	–	93 059	–	15 580	–	[illegible] 742	–	52 737
5b	AMOUNT ACCEPTED	–	46 538	–	6774	–	12 352	–	27 712
5c	PRIN. AMT. WRITTEN OFF	–	63 659	–	15 481	–	20 043	–	28 135
5d	INTEREST FORGONE	–	8 907	–	–	–	–	–	8 907
6	REF. TO GAO	11 463	8 601 175	338	225 345	9 213	4 [illegible] 279	1912	3 764 531

SECTION C – INDEBTEDNESS ACCOUNTS ON HAND

LINE NO.	PROGRAM (A)	NUMBER (B)	AMOUNT (C)
1	COMP. AND PENSION	75 996	22 457 911
2	VR&E	350 021	134 696 479
3	LOAN GUARANTY	33 574	64 913 577
4	TOTAL (Lines 1-3)	459 591	222 068 055

REMARKS (Continue on reverse)

SECTION D – STATUS OF ACCOUNTS ON HAND

LINE NO.	PERIOD OF TIME (A)	PROGRAM			TOTAL (Sum of Cols. (B) thru (D)) (E)
		COMP. AND PENSION (B)	VR&E (C)	LOAN GUARANTY (D)	
	ARRANGEMENTS NOT MADE FOR ACCOUNTS ON HAND				
1	270 DAYS OR LESS	3890	22304	1046	27240
2	OVER 270 DAYS	1854	9472	1308	12634
	ARRANGEMENTS MADE FOR BALANCE OF ACCOUNTS ON HAND				
3	TO LIQUIDATE	5116	23 117	2009	30242
4	NUMBER SUSPENDED	147	73	660	1385
5	AMOUNT SUSPENDED	76 490	320 577	928 894	1325 961
6	TOTAL (Lines 1-4)	11 007	55631	4813	71501

VA FORM 24-6494 SUPERSEDES VA FORM 24-6494, SEP 19[illegible]

Attachment #2

OVERPAYMENT CAUSE CODES

Compensation and Pension Program

Cause Code No.	Description
1	Person entitled (widow, child, parent) married or reported married. Dependent added or removed including adjustment for claim by or for an additional dependent and disallowance of such claim-child born, married or died - married or divorced wife, etc.
2	Excess income - or dependency (of parent) not established - or - change in income. Excessive net worth. Failure to file questionnaire.
4	Child reaches 18. Child over 18 terminates school, reaches age 23 or no longer helpless.
5	Veteran on active duty or in receipt of retired pay - or restored to VA rolls.
6	Estate in excess of $1,500 (VA Regulation 1557) - or reduced to $500 (VA Regulation 1558).
7	Reduced evaluation - including discontinuance of entitlement to A/A. Adjustment - veteran-widow hospitalized. Adjustment - veteran-widow discharged from hospital.
8	Death of claimant or person entitled.
9	All Other C&P
10	Overpayments created by retroactive award action in an amount equal to or less than the monthly rate, irrespective of reason code.

Attachment #2
(Continued)

Cause Code No.	VR&E PROGRAM
21	Unsatisfactory progress or conduct. Interrupted - delinquent certification. Interrupted or discontinued - voluntary withdrawal at other than end of term, quarter or semester (Ch. 34 or 35, Title 38, U.S.C.). Status determined by VA (Ch. 31 or 35, Title 38, U.S.C.).
22	Training time change. Wage rate change (Ch. 31, Title 38, U.S.C.). Mass ending date change. Termination date past and veteran less than 30 percent disable (Ch. 31, Title 38, U.S.C.).
23	Commencement date adjusted. Vacation or recess begins or ends (BCL and foreign institutions only). Less than 1/2 time (Ch. 35, Title 38, U.S.C.).
24	All Other Education.
25	Same as cause code 21 (for IHL cases).
	LOAN GUARANTY PROGRAM
30	Veterans liability accounts.
31	Reserved for special reporting when requested.

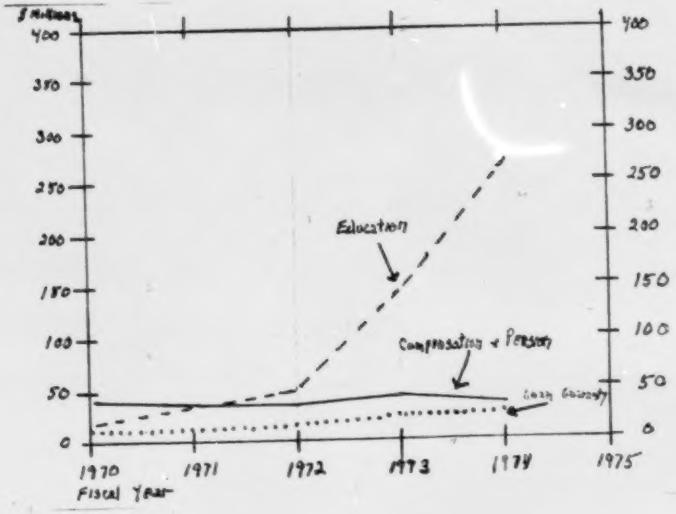
Part IV

Trends and Causes of Overpayments

1. General

Statistical and fiscal data for the period FY 1970 through FY 1974 were developed for all programs from the General Ledger, RCS 243-68, Report of Indebtedness and other available sources of trend information. The following chart and table show a gradual increase in loan guaranty overpayments established, a fluctuating picture for compensation and pension and a sharp rise in education overpayments.

Comparison of Accounts Receivable Established
Compensation and Pension, Loan Guaranty and Education
Five Year Period (FY 1970 through FY 1974)

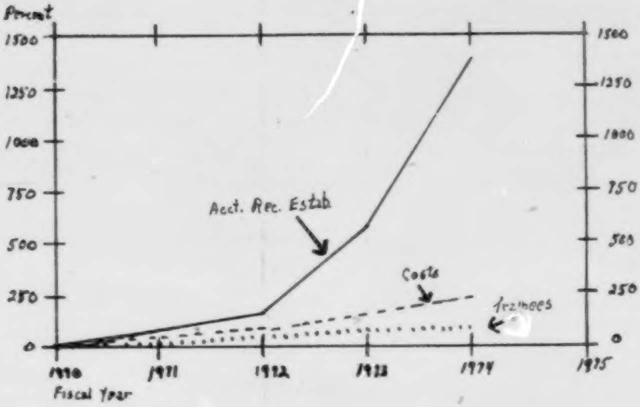


Accounts Receivable Established and Percentage of Increase from Base Year

Fiscal Year	Direct Loans & Guar. & Insured Loans ($ Thousands)	% of FY70	Compensation & Pension ($ Thousands)	% of FY70	Education ($ Thousands)	% of FY70
1970	$12,923	Base	$40,463	Base	$17,907	Base
1971	14,239	+10.2	36,428	(-10.0)	32,987	+84.2
1972	19,913	+54.1	36,374	(- 9.2)	50,785	+183.6
1973	24,673	+90.8	41,222	+ 1.9	142,411	+695.3
1974	29,305	+126.8	37,900	(- 6.3)	269,027	+1402.4

The size of the education overpayments have far outstripped all other growth indicators for the education program. The following chart and table is a five year comparison of the percentage increase in the number of trainees, education and training costs and overpayments established.

Education & Training - Trainees, Costs, & Accts. Rec. Established
Five-Year Comparison of Percent Increases From FY 1970
(Excludes Prior to Korea)



Education & Training - Trainees, Costs & Accts. Rec. Established and Percent of Increase from Base Year

Fiscal Year	Number of Trainees In Thousands	Number of Trainees % of FY70	Educat. & Trng. Costs ($ Millions)	Educat. & Trng. Costs % of FY70	Accts. Rec. Estab. ($ Thousands)	Accts. Rec. Estab. % of FY70
1970	1,288	Base	$1,005	Base	$17,907	Base
1971	1,675	+30.0	1,612	+60.4	32,987	+84.2
1972	1,960	+52.2	1,912	+90.2	50,785	+183.6
1973	2,223	+72.6	2,636	+162.3	142,411	+695.3
1974	2,462	+91.1	3,189	+217.3	269,027	+1402.4

The increase in education overpayments is highlighted by the fact that over the five-year period the number of trainees increased by 91.1%, the education benefit costs increased by 217.3% and the overpayments established increased by 1402.4%. The above clearly demonstrates the education overpayments are exceeding other trend indicators in a monumental fashion.

The establishment of overpayments are continuing to increase in FY 1975. The following comparison of the first six months in FY 1975 with the similar period in FY 1974 indicates the following:

	Accounts Receivable Established 7/1 thru 12/31/73 ($ Thousands)	Accounts Receivable Established 7/1 thru 12/31/74 ($ Thousands)	Increases ($ Thousands)	Increases Percent
Compensation & Pension:	$15,953	$20,372	$ 4,419	27.7%
Education:	91,691	153,332	61,641	67.2%
Guaranteed & Insured Loans:	13,516	14,107	591	4.4%
Direct Loans:	77	39	(-38)	(-49.3%)

Compounding the problem of determing the extent of the education overpayments is the fact there is no single reliable source of statistical and financial data on the status of overpayments and collections. There are no records of cash collections on overpayments available at Central Office although the raw data is available at the field stations. There are no historical data available at Central Office or at field stations as to how much money has been expended to make collections. In addition, a comparison of the dollar amounts in the two prime sources of accounts receivable statistical and financial data...General Ledger Accounts and Quarterly Reports of Indebtedness...have revealed substantial differences in newly established accounts receivable. A detailed evaluation of the accounts receivable reporting systems is covered in Part III of this report.

An evaluation of these trends and causes of overpayments for each of the programs follows. Exhibit IV-M is a summary of legislation, VA Regulations and Procedures with contributory affect on the creation and disposition of overpayments.

2. Compensation and Pension Trends and Causes of Overpayments

The following table demonstrates the steady increase of payments to beneficiaries, with the largest increase of 9.0% in FY 1971 over FY 1970. On the other hand the accounts receivable established fluctuated from year to year with an overall decrease of 6.3% for the five-year period.

Payments to Beneficiaries (Costs)
as Compared to Dollar Value of Overpayments

Fiscal Year	Costs (Millions)	% Change From Prior Yr.	% Change From Base Yr.	Receivables* Established (Thousands)	% Change From Prior Yr.	% Change From Base Yr.
1970	$5,359			$40,463		
1971	5,841	+9.0	+9.0	36,428	-10.0	-10.0
1972	6,171	+5.6	+15.2	36,734	+ .8	- 9.2
1973	6,568	+6.4	+22.6	41,222	+12.2	+ 1.9
1974	6,734	+2.5	+25.7	37,900	- 8.1	-6.3

* Note: Exhibit IV-A contains data on receivables established by cause code.

Factors which have a bearing on the establishment of receivables are:

- o More liberal rules in establishing the date of discontinuance or reduction in rates on pension cases when income limitations are exceeded.
- o Exclusion of certain types of income for purposes of computing income.
- o Increases in the annual income limitations.
- o Increases in social security benefits.
- o Increases in the number of cases and changes in the average payment per case (see Exhibit IV-B).

An evaluation of the reasons for the fluctuations in compensation and pension overpayments indicates they can be primarily attributed to new legislation and the changes in the case loads over the five-year period, changes in the advancing ages of the population served, such as deaths, dependents becoming of age, changes in percent of disability, etc. also increase the number of overpayments.

FISCAL YEAR 1971

The nine-percent increase in costs of payments to beneficiaries can be attributed primarily to the approximate ten-percent overall increase in compensation benefits which was effective March 26, 1970. Public Law 91-376, which authorized the increase, was signed by the President on August 12, 1970. In addition to the increased benefits payable in fiscal year 1971, the retroactive benefits from March 26, 1970 to June 30, 1970 were paid in fiscal year 1971. Pension benefits were also increased approximately 10% effective January 1, 1971 (Public Law 91-588).

The ten-percent decrease in accounts receivable established in fiscal year 1971 was due to the increase in pension benefits effective January 1, 1971. The income questionnaire processing must be examined to explain why the increase in benefits resulted in less overpayments. Annual income questionnaires are sent to pension beneficiaries with checks issued on November 1. For purposes of explaining the decrease in overpayments in FY 1971, the income questionnaires for calendar years 1970 (current year) and 1971 (following year) are cite in the following example.

- When the reported income was greater than the sum on which the award for 1970 was based, no retroactive decreases in the award was required This is known as the End of Year Rule (PL 90-275 1/1/68). In effect, overpayments were not created in such cases.

- When a questionnaire was not returned in time for processing the check for February 1971, the payment was suspended date of last payment on February 1, 1971. Where the questionnaire was returned after the account was suspended, the suspension was lifted and payment resumed at the 1970 rate pending review and processing of the questionnaire. Where the review determined the estimated income required a downward adjustment or termination of benefits, an award was prepared retroactive to the first of the year (1971). Since a rate increase was authorized in calendar year 1971 and the annual income limitations were also increased, fewer accounts required a downward adjustment of rates. In fact some accounts received rate increases. Any overpayments due to the estimated income reported would have been reduced or wiped out as a result of withholding the receivable from the retroactive payment.

FISCAL YEAR 1972

There was a compensation rate increase (PL 92-328 - August 1, 1972) and a pension rate increase (PL 92-198 - January 1, 1972). This accounts for the 5.6% increase in payment costs and also accounts for the FY 1972 overpayments established remaining relatively the same as in FY 1971.

FISCAL YEAR 1973

There was no general rate increase in FY 1973. The case workloads in compensation increased 1.06% over FY 1972 and pension case workload increased by 1.34%. There was a twenty-percent increase in social security benefits (PL 92-336 - September 1972).

The increase of overpayments established, 12.2% over FY 1972 can be accounted for by the fact there were no compensating or pension rate increases during this period to offset some of the overpayments which occurred. Also, when social security increases are authorized and the reportable income includes social security benefits the pension rates are reduced accordingly. Thus, the increase in overpayments in FY 1973 is not out of line.

FISCAL YEAR 1974

There was a compensation rate increase (PL 93-295 - May 1, 1974 and a pension rate increase - January 1, 1974). The annual income limitations were not changed. This accounts for the increase of benefit payments of 2.5% and the decrease in overpayments of 8.1% from the prior year.

FISCAL YEAR 1975

The compensation and pension overpayments established for the period July 1 through December 31, 1974 increased by $4,419,156 over the same period in FY 1974. Since the General Ledger accounts do not contain cause codes the reasons for the increase could not be determined. The Report of Indebtedness, RCS 243-68, for the same period revealed the differences between the two periods in the following table.

Overpayment Cause Codes	Establishments 7/1 to 12/31/73	Establishments 7/1 to 12/31/74	Difference + or -
1	$ 994,944	$1,128,110	+ $133,166
2	1,485,902	1,318,485	- 167,417
4	539,905	669,436	+ 129,531
5	260,501	206,418	- 54,083
6	683,518	872,014	+ 188,496
7	483,410	525,354	+ 41,944
8	2,534,229	3,781,746	+1,247,517
9	1,357,439	1,814,084	+ 456,645
Total	$8,339,848	$10,315,647	$1,975,799

Note: The RCS 243-68 does not include all of the overpayment cases with deduction from benefits. This accounts for the General Ledger indicating an increase of $4,419,156 and the RCS 243-68 indicating an increase of $1,975,799.

The following description of the above cause codes would indicate the increased overpayments were due to normal changes in the status of veterans and their beneficiaries and not the result of legislation or VA policy.

Compensation and Pension Program

Cause Code No.	Description
1	Person entitled (widow, child, parent) married or reported married. Dependent added or removed including adjustment for claim by or for an additional dependent and disallowance of such claim-child born, married or died - married or divorced wife, etc.
2	Excess income - or - dependency (of parent) not established - or - change in income. Excessive net worth. Failure to file questionnaire.
4	Child reaches 18. Child over 18 terminates school, reaches age 23 or no longer helpless.
5	Veteran on active duty or in receipt of retired pay - or restored to VA rolls.
6	Estate in excess of $1,500 (VA Regulation 1559) - or reduced to $500 (VA Regulation 1558).

Cause Code No.	Description
7	Reduced evaluation - including discontinuance of entitlement to A/A. Adjustment - veteran-widow hospitalized. Adjustment - veteran-widow discharged from hospital.
8	Death of claimant or person entitled.
9	All other C&P - Reduced percent of disability, discontinuance of entitlement, computational errors, etc.

Conclusion

Based on available information there does not appear to be any unexplainable fluctuations in the compensation and pension overpayments. The end of the year termination of benefits rule was extended to cases where the questionnaires are not returned (VAR 1661B effective October 1973). Also, cases will be suspended as of January 1 instead of February 1 when the questionnaires are not timely received. These changes should eliminate some of the overpayments that have occurred in the past. A summary of compensation and pension legislation affecting rate changes and annual income limitations are contained in Exhibit IV-C.

The dispositions of overpayments have kept pace with the establishments probably due to being highly susceptible to offset from benefits. However, the collections and other dispositions have suffered due to the delayed and weak collection operations in regional offices. Although Part V is directed toward the collection or other disposition of education accounts receivables, its findings and recommendations are applicable to the compensation and pension overpayments. Exhibit IV-D demonstrates the history of compensation and pension overpayment establishments and dispositions over the five-year period FY 1970 through FY 1974.

Exhibit IV-A

Compensation and Pension

Trends - Overpayments Established
By Cause Codes
In Thousands of Dollars

Fiscal Years

Cause Codes	1970 No.	1970 Amt.	1971 No.	1971 Amt.	1972 No.	1972 Amt.	1973 No.	1973 Amt.	1974 No.	1974 Amt.
1	18,975	2,575	17,148	2,391	16,232	2,279	15,968	2,276	14,179	2,283
1/ 2	53,852	12,949	31,340	8,822	21,349	5,874	35,287	5,546	19,871	4,080
4	5,597	556	8,074	805	10,594	1,004	13,447	1,166	13,606	1,275
5	606	204	1,034	379	1,177	491	1,008	479	989	473
6	2,730	1,201	3,237	1,582	3,150	1,621	2,713	1,30[illegible]	2,669	1,498
7	5,841	1,383	6,830	1,720	5,978	1,573	4,806	1,26[illegible]	4,204	1,153
8	14,776	2,072	14,784	2,246	18,118	2,975	24,787	3,935	37,780	6,128
9	9,320	2,190	11,657	2,578	12,514	2,642	15,095	3,148	16,002	3,417
10	151,936	3,583	43,367	2,831	34,389	2,016	41,331	2,098	27,374	1,907

1/ Excess income - failure to file questionnaire (prior to application of end of year rule 10/73)

Overpayment Cause Codes

Compensation and Pension

1. Person entitled married; change in number of dependents.
2. Excess income - failure to file questionnaire (prior to application of end of year rule 10/72).
4. Child reaches age 18 - reaches age 23 or no longer helpless.
5. Veteran on active duty or in receipt of retired pay.
6. Estate in excess of $1,500 (VAR 1557) or reduced to $500 (VAR 1558).
7. Reduced evaluation - adjustment - hospitalization.
8. Death.
9. All other. (Reduction in % disability, discontinuance of entitlement, computational errors, etc.)
10. Running award - overpayment equal to or less than monthly rate - not included in totals.

Exhibit IV-B

Compensation and Pension
Annual Cost Per Case and Percentage Change
For Period FY 1970 - FY 1974

Fiscal Year	Compensation			Pension		
	Cost Per Case	Prior Yr.	Base Yr.	Cost Per Case	Prior Yr.	Base Yr.
1970	$1226		-	$1007		
1971	1353	+10.4	+10.4	1038	+3.1	+ 3.1
1972	1378	+ 1.8	+12.4	1099	+5.9	+ 9.1
1973	1500	+ 8.9	+22.3	1098	-0.1	+ 9.0
1974	1568	+ 4.5	+27.9	1112	+1.27	+10.4

Compensation and Pension
Case Load Trends

Compensation

Fiscal Year	Average No. Cases (000)	% Increase or Decrease Prior Year	% Increase or Decrease of Base Year 1970
1970	2437	-	-
1971	2493	+ 2.3	+ 2.3
1972	2450	+ 1.9	+ 4.2
1973	2567	+ 1.1	+ 5.3
1974	2579	+ .5	+ 5.8

Pension

Fiscal Year	Average No. Cases (000)	% Increase or Decrease Prior Year	% Increase or Decrease of Base Year 1970
1970	2250	-	-
1971	2263	+ .6	+ .6
1972	2313	+ 2.2	+ 2.8
1973	2344	+ 1.3	+ 4.2
1974	2310	- 1.5	+ 2.7

The above tables demonstrate a rise in the costs of the programs and an increase in the average case with the exception of the pension case load which dropped 1-1/2% in 1974.

Exhibit IV-C

Summary of Compensation and Pension Legislation Concerning Rate Changes and Annual Income Limitation For Period 1970 through 1974

Disability Compensation

1970 - No general rate increase.

1971 - PL 91-376 - Effective date - March 26, 1970
Provides increased rates of disability compensation as follows:

Rating	Percent Increase
10 - 40%	8
50 - 90%	10
100%	12

Overall average estimated at 10% additional compensation for veterans with dependents by approximately 11%.

1972 - PL 92-328 - Effective August 1, 1972
Provides an increase of approximately 10%. It also equalized disability payment rates to veterans who incurred a disability while serving in peacetime with those incurring a disability during wartime.

1973 - No general rate increase.

1974 - PL 93-295 - Effective May 1, 1974
Provides increased rates as follows:

Rating	Percent Increase
10 - 50%	15%
60 or more	18%

Additional allowances for veterans with dependents were increased.

Pension

1970 - No general rate increase.

1971 - PL 91-588 - Effective January 1, 1971
Provides increased pension rates by approximately 10% and increased the annual income limitations of single veterans from $2,000 to $2,300 and for veterans with dependents from $3,200 to $3,500. Also added were five exclusions in computing income for pension purposes, i.e. -

Exhibit IV-C
(Continued)

(1) Servicemen's group life insurance payments.

(2) Amounts equal to prepayments in certain death cases on indebtedness secured by a mortgage on residence.

(3) Amounts in a joint bank account acquired by reason of death or other joint owner.

(4) Payments received by a retired employee from his former employer as reimbursement for monthly premiums for supplementary medical insurance benefits for the aged under the social security program.

(5) Proceeds from retired serviceman's family protection plan as provided in 10 U.S.C., Chapter 73.

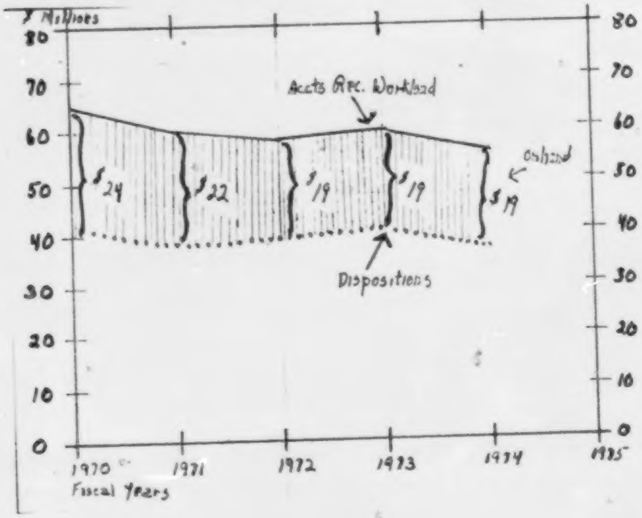
1972 - PL 92-198 - Effective January 1, 1972
It increased pension rates approximately 7-1/2%. It also increased the annual income limitations of single veterans from $2,300 to $2,600 and for veterans with dependents from $3,500 to $3,800. It excluded from income for pension purposes, the amount paid by veteran's widow or child for unusual medical benefits.

1973 - No general rate increase.

1974 - PL 93-177 - Effective January 1, 1974
The law increased pension rates by approximately 10%. The annual income limitations were not changed.

Exhibit IV-D

Compensation & Pension
Five-Year Comparison of Accts. Rec. Workload & Dispositions
FY 1970 through FY 1974



Fiscal Year	Total Accts. Rec. ($ Thousands)	Dispositions ($ Thousands)	On Hand at End of FY ($ Thousands)
1970	$65,618	$ 41,910	$23,708
1971	60,136	38,067	22,069
1972	58,803	39,525	19,278
1973	60,500	41,585	18,915
1974	56,815	37,584	19,231

Exhibit IV-D
(Continued)

The following table demonstrates the compensation and pension accounts receivable establishments; collections and offsets, waivers and write-offs through terminations and referrals to GAO and the balance on hand at the end of the fiscal year.

Period Ending	Receivables Established	Collections and Offsets	Waived	Written Off	Balances End of FY
June 30, 1969					$25,154,939
June 30, 1970	$40,463,325	$38,297,601	$778,529	$2,833,653	23,708,481
June 30, 1971	36,427,544	34,202,322	640,654	3,224,347	22,068,702
June 30, 1972	36,734,174	36,249,750	544,902	2,730,085	19,278,139
June 30, 1973	41,221,741	38,117,961	1,007,411	2,459,069	18,915,439
June 30, 1974	37,900,015	34,824,027	998,098	1,761,916	19,231,413

Dispositions over the past five years have been fairly consistent with the overpayments established. For example the percentage of dispositions to establishments are as follows:

FY 1970 - 64%
FY 1971 - 63%
FY 1972 - 67%
FY 1973 - 69%
FY 1974 - 66%

This was probably due to compensation and pension overpayments being highly susceptible to offset from benefits. However, as of December 31, 1974 the balance on hand had increased to $22,457,999 reversing the downward trend of the past few years.

3. Loan Guaranty Trends and Causes of Overpayments

Direct Loans

The following table shows trends in the Direct Loan debts established during the past five fiscal years.

Fiscal Year	Amount ($ Thousands)	% Change From Prior Yr.	% Change From Base Yr.
1970	$350	Base	Base
1971	291	-16.9	-16.9
1972	257	-11.7	-26.6
1973	235	- 8.6	-33.2
1974	121	-48.6	-65.4

The above table shows that deficiencies after foreclosure (debts) have decreased substantially over the past five years. There has been a steady decline each year and a decrease of 65.4% from FY 1970.

Direct loans are made in communities where funds from private lending sources are not available. Before making a direct loan, every effort is made to locate a private source. The maximum amount that may be loaned was increased from $17,500 to $25,000 by Public Law 90-77, August 31, 1967, at the discretion of the Administrator.

The primary reason for the decline in the number of debts established can be attributed to the reduction in the number of loans closed. The following chart reflects the changes from fiscal year 1970:

Fiscal Year	Average No. of Loans Outstanding	Percent Change From Prior Yr.	Percent Change From Base Yr.	Loans Closed	Percent Change From Prior Yr.	Percent Change From Base Yr.
1970	174,558	Base	Base	8,530	Base	Base
1971	171,126	-2.0	-2.0	6,056	-29.0	-29.0
1972	155,821	-9.0	-10.7	3,245	-46.4	-62.0
1973	133,157	-14.6	-23.7	2,930	- 9.7	-65.7
1974	112,390	-15.6	-64.4	2,608	-11.0	-69.4

Since fiscal year 1970 the loans closed decreased by 69.4%, the loans outstanding decreased by 64.4% and the loans established decreased by 65.4%. The relationships of the three are practically identical and it can be concluded the decrease in direct loan closing is the primary cause for the decrease in accounts receivable workload.

The following summary of the number of loans foreclosed or acquired by acceptance of voluntary deeds in lieu of foreclosures, principal balances at liquidation, value of the properties acquired, and the resulting deficiencies, for the five-year period (FY 1970 through FY 1974), further demonstrates the decline in direct loans.

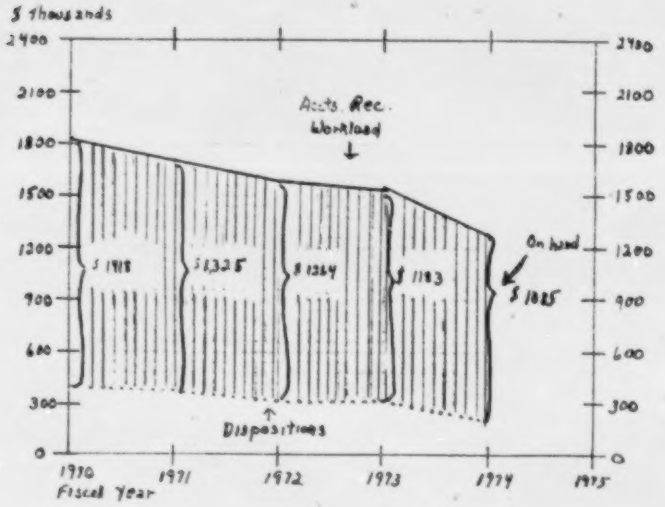
Direct Loan Foreclosures and Properties Acquired FY 1970 through FY 1974

Number of Loans 1/:	2,032
Total of loan balances at liquidation:	$17,828,020
Average loan balance at liquidation:	$ 8,774
Value of property acquired 1/:	$15,721,346
Total deficiency:	$ 2,106,674
Average per case:	$ 1,037
Deficiencies written off:	$ 948,031
Average write-off per case:	$ 467
Veterans Liability Account (Debts):	$ 1,158,643
Average per case:	$ 570

1/ The cases acquired by foreclosure do not result in a deficiency when the value of the property is equal or greater than the loan balance. Any deficiency remaining on a voluntary conveyance of title is written off and does not become a debt (accounts receivable). The averages shown above are a product of dividing the total of all the properties acquired whether or not a debt was established.

The dispositions and accounts receivable on hand during the same period are shown in the following chart and table.

Comparison of Direct Loan Accts. Receivable
Workload and Dispositions
FY 1970 through FY 1974



Fiscal Year	Total Accts. Rec. ($ Thousands)	Dispositions ($ Thousands)	On Hand End of FY ($ Thousands)
1970	$ 1,828	$ 410	$1,418
1971	1,709	384	1,325
1972	1,582	318	1,264
1973	1,499	316	1,183
1974	1,304	219	1,085

The dispositions decreased by 46.6% and the accounts on hand by 28.7%. The dispositions have not declined at the same rate as the debts established. Exhibit IV-E details the direct loan overpayment activities for the period FY 1970 through FY 1975.

Conclusion

The direct loan debt establishments do not appear to be out of line and barring any unusual occurrence in the future should not contribute to an overall increase in the VA's accounts receivable.

Exhibit IV-E

Direct Loan Overpayment Activities
In Thousands of Dollars

	FY1970	FY1971	FY1972	FY1973	FY1974
Bal. Beginning of FY:	$1,478	$1,418	$1,325	$1,264	$1,183
Debts Established	350	291	257	235	121
Total Accountable:	$1,828	$1,709	$1,582	$1,499	$1,304
Less:					
Repayments by Veterans:	$ 78	$ 85	$ 62	$ 58	$ 70
Collections after Write-offs:	10	9	(4)*	6	13
Reductions from Benefits:	9	7	8	7	6
Total Collections:	$ 97	$ 101	$ 66	$ 71	$ 89
Waived	$ 86	$ 76	$ 69	$ 81	$ 31
Written off	237	216	179	170	112
Adjust to Write-offs for Collections	(10)	(9)	4	(6)	(13)
Total Write-offs:	$ 313	$ 283	$ 252	$ 245	$ 130
Bal. at End of FY	$1,418	$1,325	$1,264	$1,183	$1,085

*Reflects an accounting adjustment.

Guaranteed and Insured Loans

In broad terms a veteran's liability account is created when the veteran becomes indebted to the United States due to the liquidation of the security (home, farm or business) on a defaulted, guaranteed, insured direct, or certain acquired loans. In the case of a guaranteed or insured loan, a claim for the deficiency will be made by the lender under the limits of the guarantee. Certain deductions are made from the veteran's liability account covering items of foreclosure costs which are not chargeable to the borrower nor deductible from the sales proceeds under the terms of the loan agreement cr under local law. The number of such claims and the size of these claims determine the volume and value of the resulting liability of the veteran involved. These are the debts (accounts receivable) that the VA is responsible to effect collection action.

The percentage of defaults that result in a claim is relatively small. The reasons are that where the value of the property is equal to or in excess of the loan balance there is no deficiency. Also, when title is acquired by voluntary conveyance the deficiency, if any, is written off. In addition, as indicated in the paragraph above, certain deductions are made from the veteran's liability account covering items of foreclosure costs which are not chargeable to the borrower nor deductible from the sales proceeds under the terms of the loan agreements under local law. The following table is a comparison of the number of defaults and claims for fiscal years 1969 through 1974:

Fiscal Year	Defaults Number	Claims	
		Number	% to Defaults
1969	88,161	12,208	13.84
1970	86,357	10,198	11.80
1971	84,056	10,401	12.30
1972	87,502	12,528	14.31
1973	92,974	13,596	14.62
1974	101,976	16,706	16.38

The number of outstanding loans which can become in default may increase under the present economic situation of unemployment and inflation. The following table is a comparison of the numbers of defaults to the outstanding loans:

Fiscal Year	Loans Outstanding Number	Defaults Processed Number	Defaults Processed % to Loans Outstanding
1969	3,491,979	88,161	2.52
1970	3,535,500	86,357	2.44
1971	3,578,029	84,056	2.34
1972	3,673,079	87,502	2.38
1973	3,703,687	92,974	2.51
1974	3,713,101	101,976	2.74

The number of outstanding guaranteed loans processed have increased slightly over the past five years, 6.3% since FY 1969. Loan defaults had decreased each year through FY 1971; they increased modestly in FY 1972 and sharply in FY 1973 and 1974. Claims processed followed the same pattern as defaults except for a negligent increase in FY 1974.

There has been a significant increase in the number of guaranteed loans processed over the past five years. This is due to the increase in the eligible veterans from the Vietnam war. As the following table indicates there also has been a significant decline in loans in FY 1974. This is attributed to the high cost of housing, high interest rates and scarcity of mortgage funds Any changes in these factors of the economy will affect these trends.

Fiscal Year	Number of Loans	% Decrease from Prior Yr.	% Decrease from Base Yr.
1969	149,231	-	-
1970	137,011	- 8.19	- 8.19
1971	158,534	+15.70	+ 6.23
1972	290,157	+83.02	+ 94.43
1973	299,001	+ 3.04	+100.36
1974	269,114	-10.00	+ 80.33

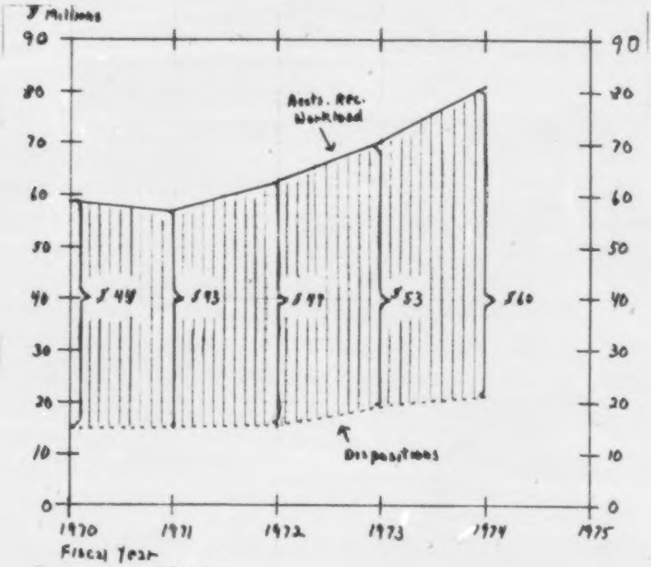
The increased number of claims processed and the increase in the unit cost of each contributed to the increase in veterans liability (accounts receivable). Another reason for the increase of debts are the changes in the authorized limitations of guaranty or insurance on VA loans. The limit of the guaranty was $4,000 in December 1945 (PL 79-268), $7,500 in July 1950 (PL 81-475); $12,500 in May 1968 (PL 90-301); and on December 1[illegible], 1974 (PL 93-569) was increased to $17,500.

The following table reflects the percentage increase in the cost of claims processed over the past five years:

Fiscal Year	Individ. Homes ($ Thousands)	Mobile Homes ($ Thousands)	Total	Percent Changes Prior Yr.	Percent Changes Base Yr.
1969	$12,452		$12,452	-	-
1970	11,875		11,875	- 4.66	- 4.66
1971	13,395		13,395	+12.80	+ 7.57
1972	19,512	$ 66	19,578	+46.15	+ 57.22
1973	23,284	387	23,671	+20.90	+ 90.00
1974	27,718	1,431	29,149	+23,14	+134.09

The above increased cost of claims processed have a direct relationship with the debts established. The following chart depicts the sharp increasing rise in guaranteed and insured accounts receivable workload starting in FY 1971, the dispositions taken during this period and the balances on hand at the end of the fiscal year.

Comparison of Guaranteed and Insured Loans
Workload and Dispositions
FY 1970 through FY 1974



Fiscal Year	Total Accts. Rec. ($ Thousands)	Dispositions ($ Thousands)	On Hand End of FY (Thousands)
1970	$ 58,289	$14,349	$ 43,940
1971	57,888	15,363	42,525
1972	62,181	15,539	46,642
1973	71,080	18,600	52,480
1974	81,664	21,374	60,290

The disposition actions have not kept pace with the debts established since FY 1972. In the past five years the debts on hand were increased by a net of $14,575,000. The collection of these debts has always been a difficult and time-consuming task due primarily to the fact that the individuals in the majority of cases were in financial difficulties that resulted in the loss of their property. It is also true that prompt and aggressive action in following the prescribed collection procedures will result in a higher rate of collection actions or other disposition actions. The study team's review of regional office accounts receivable operations revealed long delays in pursuing locator sources, securing financial data and improper disposition actions. It was noted some debts have been outstanding for several years with infrequent or unproductive action being taken.

Conclusion

The guaranteed and insured loans defaults and debts will probably increase due to inflation and the present recession. When the economic situation improves, the VA could expect an increase in the number of loans and a decrease in the number of defaults and debts. Under these circumstances the VA is limited in its ability to reduce the causes of defaults and debts. The VA can do much more in effecting collections or other disposition actions.

The recommendations in Part V are equally applicable to the dispositions of the guaranteed and insured loan debts. More aggressive actions should be taken on the receivables on hand in regional offices with particular emphasis on referring the older uncollectible cases to GAO in accordance with the collection procedures. Since the Centralized Accounts Receivable System (CARS) is now receiving all newly established receivables, it is an opportune time for regional offices to concentrate on their cases.

The following Exhibits IV "F" through "J" contain additional statistical trend data, a history of FHA and VA interest rates, and a summary of legislation which effects the expenditures and receivables in the Loan Guaranty program.

Exhibit IV-F

Guaranteed and Insured Loans
Trends in Outstanding Loans, Defaults & Claims Processed and Percentage of Change from Prior Year and from FY 1969

Fiscal Year	Avg. No. Outstanding Loans			Defaults		
		% Change From			% Change From	
	Number	Prior Yr.	Base Yr.	Number	Prior Yr.	Base Yr.
1969	3,491,979	-	-	88,161	-	-
1970	3,535,500	+1.24	+1.24	86,357	-2.05	- 2.05
1971	3,578,029	+1.20	+2.46	84,056	-2.15	- 4.66
1972	3,673,079	+2.65	+5.18	87,502	+3.54	- .75
1973	3,703,687	+ .83	+6.06	92,974	+6.25	+ 5.45
1974	3,713,101	+ .25	+6.33	101,976	+9.68	+15.67

Fiscal Year	Claims			Unit Cost		
		% Change From			% Change From	
	Number	Prior Yr.	Base Yr.	Dollars	Prior Yr.	Base Yr.
1969	12,208	-	-	$1,020	-	-
1970	10,198	-16.47	-16.47	1,164	+14.11	+14.11
1971	10,401	+ 1.99	-14.81	1,288	+10.65	+26.27
1972	12,528	+20.44	+ 2.62	1,563	+21.35	+53.23
1973	13,596	+ 8.52	+11.36	1,741	+11.38	+70.68
1974	16,706	+22.87	+36.84	1,745	+ .22	+71.07

Exhibit IV-G

Guaranteed and Insured Loan Debt Activities
In Thousands of Dollars

	FY1970	FY1971	FY1972	FY1973	FY1974
A/R Bal. Beginning of FY:	$45,716	$43,940	$42,525	$46,642	$52,480
Debts Established:	12,573	13,948	19,656	24,438	29,184
Total Accountable:	$58,289	$57,888	$62,181	$71,080	$81,664
Less:					
Refunds from Holders:	$ 26	$ 52	$ 55	$ 53	$ 52
Repayments by Veterans:	4,797	3,806	3,619	3,344	3,206
Reductions from Benefits:	381	373	353	320	290
Reserve for Losses:	(148)	673	(252)	193	214
Total Collections:	$ 5,056	$4,904	$ 3,775	$ 3,910	$ 3,762
Waivers & Compromises:	$ 2,564	$2,695	$ 3,458	$ 5,055	$ 5,796
Write-off of Uncollectibles:	6,581	8,437	8,054	9,828	12,030
Reserve for Losses:	148	(673)	252	(193)	(214)
Total Write-offs:	$ 9,293	$10,459	$11,764	$14,690	$17,612
Total Dispositions:	$14,349	$15,363	$15,539	$18,600	$21,374
Balance on Hand:	$43,940	$42,525	$46,642	$52,480	$60,290

Exhibit IV-H

Guaranteed & Insured Loans
Comparison of Debts Established and Dispositions
(In Thousands of Dollars)

Fiscal Year	Debts Established	Disposition Actions	Changes In Bal. on Hand + or -
1970	$12,573	$14,349	$(-1,776)
1971	13,948	15,363	(-1,415)
1972	19,656	15,539	+4,117
1973	24,438	18,600	+5,838
1974	29,184	21,374	+7,810

Debts on Hand
End of Fiscal Year
(In Thousands of Dollars)

Fiscal Year	Bal. on Hand at End of FY	Percent Change From	
		Prior Yr.	Base Yr.
1970	$43,940	-	-
1971	42,525	- 3.2%	- 3.2%
1972	46,642	+ 9.7%	+ 6.1%
1973	52,480	+12.5%	+19.43
1974	60,290	+14.9%	+37.2

Exhibit IV-I

HISTORY OF FHA - VA INTEREST RATES

PERIOD	FHA RATE - SEC. 203 PRESCRIBED	FHA RATE - SEC. 203 AUTHORIZED	VA RATE - GUARANTEED LOANS PRESCRIBED	VA RATE - GUARANTEED LOANS AUTHORIZED	STATUTE
11/34 to 06/35	5 1/2%	6%			
06/35 to 07/39	5 %	6%			
07/39 to 06/22/44	4 1/2%	6%			
06/22/44 to 08/10/48	4 1/2%	6%	4%	4%	PL 346,78C
08/10/48 to 04/50	4 1/2%	6%	4%	4 1/2%	PL 901,80C
04/50 to 05/53	4 1/4%	6%	4%	4 1/2%	PL 901,80C
05/53 to 12/03/56	4 1/2%	6%	4 1/2%	4 1/2%	PL 901,80C
12/03/56 to 08/05/57	5 %	6%	4 1/2%	4 1/2%	PL 901,80C
08/05/57 to 04/58	5 1/4%	6%	4 1/2%	4 1/2%	PL 901,80C
04/58 to 06/30/59	5 1/4%	6%	4 3/4%	4 3/4%	PL 85-364
06/30/59 to 07/02/59	5 1/4%	6%	4 3/4%	5 1/4%	PL 86-73
07/02/59 to 09/23/59	5 1/4%	6%	5 1/4%	5 1/4%	PL 86-73
09/23/59 to 02/01/61	5 3/4%	6%	5 1/4%	5 1/4%	PL 86-73
02/01/61 to 05/28/61	5 1/2%	6%	5 1/4%	5 1/4%	PL 86-73
05/28/61 to 02/06/66	5 1/4%	6%	5 1/4%	5 1/4%	PL 86-73
02/06/66 to 04/10/66	5 1/2%	6%			
03/03/66 to 04/10/66	5 1/2%	6%	5 1/2%	6%	PL 89-358
04/10/66 to 10/02/66	5 3/4%	6%	5 3/4%	6%	PL 89-358
10/02/66 to 05/07/68	6 %	6%	6%	6%	PL 89-358
05/07/68 to 01/24/69	6 3/4%	6 3/4%	6 3/4%	6 3/4%	PL 90-301
01/24/69 to 01/05/70	None	7 1/2%	None	7 1/2%	PL 90-301
01/05/70 to 12/02/70	None	8 1/2%	None	8 1/2%	PL 90-301
12/02/70 to 01/13/71	None	8%	None	8%	PL 90-301
01/13/71 to 02/18/71	None	7 1/2%	None	7 1/2%	PL 90-301
02/18/71 to 07/01/73	None	7%	None	7%	PL 90-301
07/01/73 to 07/25/73	None	None	6%	6%	NHA
07/25/73 to 08/10/73	None	None	None	7 3/4%	PL 93-75
08/10/73 to 08/25/73	None	7 3/4%	None	7 3/4%	NHA - FHA only
08/25/73 to 01/22/74	None	8 1/2%	None	8 1/2%	PL 93-75 NHA
01/22/74 to 04/15/74	None	8 1/4%	None	8 1/4%	PL 93-75 NHA
04/15/74 to 05/13/74	None	8 1/2%	None	8 1/2%	PL 93-75 NHA
05/13/74 to 07/08/74	None	8 3/4%	None	8 3/4%	PL 93-75 NHA
07/08/74 to 08/14/74	None	9%	None	9%	PL 93-75 NHA
08/14/74 to 11/24/74	None	9 1/2%	None	9 1/2%	PL 93-75 NHA
11/25/74 to 01/20/75	None	9%	None	9%	PL 93-75 NHA
01/21/75 to	None	8 1/2%	None	8 1/2%	PL 93-75 NHA

Exhibit IV-J

Legislation Affecting Expenditures and Receivables in the Loan Guaranty Programs

The following legislation since the inception of the GI Bill in December 1945 has its effect on expenditures and establishments of accounts receivable in the Loan Guaranty Programs.

- Loan Guaranty changes in the authorized limitations of guaranty or insurance on VA loans...

Public Laws	Limit of Guaranty
PL 79,268, December 28, 1945	$4,000
PL 81-475, July 12, 1950	7,500
PL 90-301, May 7, 1968	12,500
PL 93-569, December 18, 1974	17,500

- Public Law 89-358, March 3, 1966: This Act provided benefits with required service after January 31, 1955. Direct and guaranteed home and farm loan benefits similar to those provided for WWII and Korean Conflict veterans, and included some active duty military personnel.

- Public Law 90-77, August 31, 1967: This Act provided that the final terminal date for use of WWII veterans loan entitlement was extended from July 25, 1967 to July 25, 1970, and the maximum amount of VA direct home loans, where the Administrator finds the cost levels so require, was increased from $17,500 to $25,000.

- Public Law 91-22, June 6, 1969: This Act extends the eligibility for grants for specially adapted housing to a new group of disabled veterans. It also increases the amount of the paraplegic housing grant from $10,000 to $12,500. Other sections of the act increase the maximum amount of a direct loan from $17,500 to $21,000 and relax the first lien requirements for guaranteed home loans to permit guaranty of homes for veterans where basic financing requires first lien security for monthly charges to home purchases in "new town" developments.

- Public Law 91-506, October 23, 1970: This Act restored the unused loan guaranty and direct loan entitlement, without time limitation for WWII and Korean conflict veterans by removing the basic phase-out criteria and cutoff dates. It authorized similar changes for veterans serving after January 31, 1955. It also authorized the Administrator to guarantee or make direct loans for purchase of mobile homes for veterans. The amount of the Loan Guarantee for the mobile home may not exceed $10,000, but may extend to a maximum of $17,500 where the mobile home and developed lot are being purchased.

o Public Law 92-328, June 30, 1972: Permits the Administrator to release a veteran borrower from liability because of a default on a VA guaranteed, insured, or direct loan if the veteran conveyed the title to the residential property securing such loan without obtaining a release of liability, providing the veteran disposed of the property in a manner which would have qualified him for release from liability if he had applied for such a release prior to his sale or transfer of the property. However, should transferee fail to assume by contact all the liabilities of the original veteran-borrower and no acceptable transferee, either immediate or remote, is legally liabile to the Administrator for indebtedness, the veteran however shall not be released from liability for the loan.

3. VA Life Insurance Accounts Receivable Trends and Causes of Overpayments

The United States Government Life Insurance program was established in 1919 to handle the insurance converted from the War Risk Term Insurance of World War I. The Veterans Administration operates this program and four other programs established for Veterans and servicemen under the National Service Life Insurance Act of 1940, as amended. The five programs are all segregated and administered as if they were separate life insurance companies in that separate funds have been established in the U.S. Treasury for each program. Each fund is credited with its own premium, interest and other income. Similarly, each fund is charged with its own disbursements. The funds are as follows:

36X8150	U.S. Government Life Insurance Fund VA
36X8132	National Service Life Insurance Fund VA
36X4010	Veterans Reopened Insurance Fund VA
36X4011	Veterans Special Life Insurance Fund VA
36X4012	Service - Disabled Veterans Insurance Fund VA

In addition appropriation 36X0120, Veterans Insurance and Indemnities is available for military and naval insurance, national service life insurance, servicemen's indemnities and service disabled veterans insurance.

Overpayments in the operation of the programs occur due to overpayment of insurance dividends and monthly installment payments to beneficiaries of matured endowment, disability and death policies.

A dividend under usual circumstances would not result in an overpayment as payment is not made until the anniversary date of the policy. The overpayments can occur when dividend payments are accelerated and paid before the anniversary date. Acceleration of dividends are authorized when special circumstances warrant their early release and is usually done in February. Payment of dividends were accelerated in recent years as follows: 1961, 1963, 1964, 1965, 1967, 1972 and 1975. The circumstances when overpayments do occur are when a policy is lapsed and there is no cash value accrued with the policy as in the case of term insurance.

The insurance debts on hand as of June 30, 1974 was $117,473. This total debt only accounted for less than one half of one-percent of DVB's total receivables on hand of $204,478,000. The insurance accounts receivables established over the past five years were as follows:

Fiscal Year	Accts. Rec. Dollars	% Change From Prior Year
1970	$ 308,858	---
1971	177,359	- 42.58
1972	130,254	- 26.56
1973	288,134	+121.20
1974	123,711	- 57.07

There is no ready explanation for the relatively larger number of debts established in FY 1970. The increase in 1973 is apparently due to the accelerated dividend in 1972. Other years show a substantial decrease.

Dividend overpayments are usually small, less than $200, and are written off locally by the VA Office if the debt can not be collected after writing the required number of demand letters. Debts less than $200 are not referred to the General Accounting Office. Overpayments resulting from installment payments are larger and are frequently susceptible to waiver due to lack of fault on the part of the recipient. Nevertheless the cash collection history is good. The following table shows the total dispositions over the five year period 1970 thru 1974 (Exhibit IV K illustrates the accounts receivable activities for the same period year by year).

	Dollars	% to Accountable
Beginning Bal 7/1/70	$ 258,349	21.06
Debts Established 7/1/70 thru 6/30/74:	968,316	78.94
Total Accountable	$1,226,665	100.00
Less		
Cash Collections	$ 489,760	39.93
Written Off	266,453	21.72
Waived	352,989	28.77
Total Dispositions	$1,109,202	90.42
Bal. on hand 6/30/74	$ 117,463	9.58

Conclusions

The review shows that the dispositions are exceeding the establishments and that the insurance receivables are not a problem area nor contributing to the VA's high rate of overpayments.

Exhibit IV K

Insurance Accounts Receivable

Establishments and Dispositions

	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974
Bal. Beginning of FY	$258,349	$251,589	$203,843	$143,430	$138,855
Established in FY	308,858	177,359	130,254	228,134	123,711
Total Accountable	$567,207	$428,948	$334,097	$371,564	$262,566
Less Dispositions:					
Cash Collections	$113,016	$102,024	$ 96,693	$ 99,539	$ 78,488
Written Off	97,857	62,683	34,694	43,800	27,419
Waived	104,745	60,398	59,280	89,370	39,196
Total Dispositions	$315,618	$225,105	$190,667	$232,709	$145,103
Balance On Hand at End of FY	$251,589	$203,843	$143,430	$138,855	$117,463

4. Medical Accounts Receivable Trends and Causes

The study of the accounts receivable in the Medical programs concentrated on debts arising from benefits and services. Those receivables involving operation of the supply fund, sales of surplus equipment and supplies and personnel services are not included. The following were evaluated and the findings included in this report.

- Ineligible hospitalization and treatment of patients.
- Emergency hospitalization.
- Contingent assets.
- Obligated services (breach of contract of career residents).

In studying the growth of receivables in the medical program the dollar amount of $6,203,665 as of June 30, 1974 was used as a starting point. That figure also included Account 1212, Receivables - Reimbursements - other than Federal and Account 1228 - Receivables - Appropriation Refunds - other. As stated above, these receivables were excluded from the study. The accounts receivable on hand as of June 30, 1974 of $3,375,295, are debts resulting from benefits and services, and are included in this report.

Ineligible Hospitalization and Treatment Debts

These debts arise after the admission or treatment of a patient who alleged to be a veteran eligible for these benefits and it is subsequently learned there is no eligibility. When a determination of ineligibility is made the patient is moved to a non-VA hospital, if medically feasible, and is billed for the services rendered.

The bills (claims for reimbursement) are made at the current rates in accordance with VA Regulation 60450 and MP-5, Part I, Chapter 792. The following are the hospital per diem rates prescribed over the past five years.

Per Diem Rates

Fiscal Year	GM&S Rates	GM&S % Change From FY70	Psychiatric Rates	Psychiatric % Change From FY70
1970	$53	-	$24	-
1971	58	+ 9.43	25	+ 4.16
1972	61	+15.09	27	+12.50
1973	61	+15.09	27	+12.50
1974	72	+35.84	47	+95.83

The ineligible hospitalization and treatment debts established over the past five years were as follows:

Fiscal Year	Accts. Rec. ($ 000)	Percent Change From Prior Yr.	Percent Change From Base Yr.
1970	$1,848	-	-
1971	1,844	0	0
1972	2,475	+34.22	+33.93
1973	2,814	+13.70	+52.27
1974	2,564	- 8.88	+38.74

The increase in the value of the accounts receivable established can be directly attributed to the increase in per diem rates.

A review of the records in one VA hospital revealed an area of concern with respect to the time it takes a hospital to obtain a determination from the regional offices as to the eligibility of patients. It was noted that as a result of the delays ineligible patients have been hospitalized for extended periods. In some instances ineligible patients have been hospitalized two or three times prior to notification of character of discharge from military service. It is recognized there are many factors involved in this process, such as obtaining records from Federal Record Centers, convening of boards, etc. It is believed, however, that a more zealous pursuit in obtaining this information by Medical Administrative Service and the establishment of a higher priority for action on these cases by regional offices could reduce this time considerably. The amount billed for hospitalization would be substantially lowered by reducing the period of hospitalization.

The results of the collection effort are poor. Many of the patients are ineligible due to type of discharge; many are frequently unemployed or have no source of income; and many have no fixed address and are difficult to locate. Some ineligible patients are admitted for chronic illness and have previously been admitted to other VA hospitals for the same illness. The probability of collection in many of these cases is remote. Many of them should be written off based on the known facts from the history of the patient, such as employment history, earning capacity, etc.

The following is a table of the total disposition actions for the past five years (FY 1970 through FY 1974).

	Dollars ($000)	% to Accountable
Beginning Bal. 7/1/70	$ 1,308	10.2
Debts Established (FY70 - FY74)	11,544	89.8
Total Accountable	$12,852	100.0
Less		
Cash Collections	1,154	9.0
Write-offs	6,350	49.3
Waived & Compromised	1,256	9.8
Collections Suspended	702	5.5
Miscellaneous	15	.1
Total Dispositions	$9,477	73.7
Bal. on hand 6/30/74	$3,375	26.3

The cash collections over the five-year period was 9% of the total accountable receivables and write-offs, waivers and compromises approximately 60%. In fiscal year 1974 the cash collections dropped to 4.5% and write-offs, waivers and compromises to 51%. Exhibit IV-L shows the history of receivable dispositions over the past five years, year by year.

Of the two hospitals visited one was disposing of their debts promptly in accordance with VA policy and procedures. The second hospital's collection actions on all types of debts were less than satisfactory. Some of the debts were three years old with one or no follow-up actions taken.

A review of station general ledger trial balances reveals that a number of stations are apparently suspending collection actions when they should be taking termination actions on the cases by writing them off as uncollectible or referring them to GAO for collection. The increasing balances of debts on hand at some stations indicates that debts are not being disposed of in a timely manner. For example, the receivables on hand at the end of the fiscal year for the past five years are as follows:

Fiscal Year	Receivables On Hand ($ 000)	Percent Change From Prior Yr.	Percent Change From Base Yr.
1970	$ 1,715	-	-
1971	1,970	+14.86	+14.86
1972	2,409	+22.28	+40.46
1973	2,966	+23.12	+72.94
1974	3,375	+13.78	+96.79

The accounts receivable established increased by 38.74% from FY 1970 through FY 1974 and the receivables on hand increased by 96.79% over the same period. It is evident that the build-up of debts on hand are another reason for the rise in Medical accounts receivables.

There is insufficient data in the general ledger, the sole source of medical accounts receivable information, to provide Central Office and field station management the necessary information to properly evaluate the status of the medical accounts receivable. A reporting system should be developed for collecting data on the number, amount, age and current status of the medical accounts receivables.

Analysis

The increase in Medical accounts receivable can be directly attributed to the increased per diem rates and the lack of timely disposition actions by DM&S field stations.

DM&S field stations should be directed to review all outstanding accounts receivable and to take the necessary actions to bring all accounts receivable cases to a current condition. If debts cannot be collected after writing the required number of demand letters and other prescribed actions, prompt action should be taken to terminate the debts or refer the case to GAO in accordance with VA collection policies and procedures. All suspended collection cases should be reviewed and those which meet prescribed termination criteria should be written-off or referred to GAO.

DM&S and DVB should undertake a study to identify and install improvements to expedite the responses to hospital requests for eligibility information.

A special one-time report should be required from DM&S field stations to secure data on the number, amount, age and current status of the following: Ineligible hospitalization and treatment, emergency hospitalization and any remaining obligated services - career residency debts. Based on the findings of this one-time report a recurring report, preferably quarterly, should be designed for Central Office and local management use for evaluating and monitoring hospital accounts receivable operations and status.

Contingent Assets - Claims Against Third Parties

These are bills for hospitalization and other medical services furnished either eligible or ineligible persons where there is a possible source of recovery from a third party, e.g. employee compensation; insurance policies; tort-feasor, etc. These are usually accident cases admitted on an emergency basis.

These cases are not recorded in the general ledger as accounts receivable in the full amount, but are recorded in the accounts of field stations as contingent assets based on the station's collection experience. The following table shows the General Ledger balances of the cases on hand as of June 30th of the designated fiscal year.

Fiscal Year	Dollars ($ 000)	Percent Change From Prior Yr.	Base Yr.
1970	$1,170	-	-
1971	1,406	+20.2	+ 20.2
1972	1,790	+27.3	+ 53.0
1973	1,755	- 2.0	+ 50.0
1974	2,359	+34.4	+101.6

The 101.6% increase over the past five years can be attributed to the increase of per diem rates from $53 to $72 over the same period. Another reason for the increase is probably due to the build-up of cases. Some of these cases take years to recover since the court actions involved can be lengthy and complex.

Instructions for billing and collections are contained in Chapter 15, VA Manual MP-, Part I, Chapter 15. Instructions for reporting collections are contained in MP-6, Part VI, Supplement 1.2, Chapter 19.

Analysis

The billing and collection actions against third parties are being conducted in accordance with VA collection policy and procedures by the stations visited. The reporting procedures provide sufficient data to monitor the activity.

Obligated Services (Career Residency Trainees)

These are receivables involving breached contracts (obligated services). They are career residents that are paid at a rate not to exceed that of a senior physician with the provision that they will serve the VA for a period of time, at least two years after completion of the career residency training. In the event they do not complete the two years, they are billed for the excess pay which they were paid over the salary of a regular career resident for the unserved period of the contract.

Amounts collected on these debts are credited to miscellaneous receipts (General Fund of the Treasury). No accounts receivable data are maintained in the general ledger therefore no information is available in Central Office as to the dollar amount outstanding.

A review of claims at one station revealed several such outstanding debts that were not being properly pursued. Although the program is being phased out (DM&S Circular 10-73-14), the situation found at that station would appear to warrant some concern that it may be more widespread. A report from DM&S field stations will be required to determine the size of the problem and actions to be taken.

Medical Accounts Receivable Conclusions and Recommendations

The 36% increase in GM&S per diem rates from FY 1970 through FY 1974 and the 96% increase in Psychiatric per diem rates for the same period have directly contributed to the 39% increase in the ineligible hospitalization and treatment overpayments established. The buildup of debts on hand in FY 1974 for a 97% increase over the FY 1970 debts on hand is another reason for the DM&S increase in accounts receivable over the years.

The billing and collection actions against third parties are being conducted in accordance with VA policy and procedures. The reporting procedures provide sufficient information to properly monitor these cases.

There is a need to develop an accounts receivable reporting system to provide the status of field station accounts receivable for ineligible hospitalization and treatments and to highlight out-of-line situations. There is also a need for information as to the dollar amount outstanding as a result of breached contracts (Obligated Services - Career Residency Trainees). No accounts receivable data on these cases are maintained in the General Ledger of accounts.

The Medical accounts receivable on hand as of June 30, 1974 of $3,375,295 is approximately 1.6% of the total VA accounts receivable on hand and with proper field station attention and action can be reduced to a smaller percentage.

Recommendations

No. 5. DM&S field stations review all outstanding accounts receivable and obligated service debts and take the following actions.

- Bring all accounts receivable and obligated service debt cases to a current status by immediately taking all required collection and disposition actions.
- Take prompt action to terminate or refer to GAO all cases in accordance with VA collection policy and procedures.
- Review all collections suspended cases, and those which meet VA prescribed termination criteria should be written off or referred to GAO as appropriate.

No. 6. DM&S and DVB should undertake a joint study to identify and initiate operational and procedural changes to expedite the development and furnishing of eligibility information to hospitals.

No. 7. The Controller in collaboration with DM&S develop a special onetime report to be completed by DM&S field stations as to the number, amount, age and status of the following types of receivables:

- Ineligible hospitalization and treatment.
- Emergency hospitalization.
- Any remaining obligated services-career residency debts. (The program is being phased out - DM&S Circular 10-73-14, dated February 6, 1973).

Based on the findings of the onetime report a recurring report, preferably quarterly, should be designed for Central Office and local management use to monitor the status of DM&S accounts receivable and obligated service debts.

Medical Accounts Receivable
Establishments and Dispositions
Ineligible Hospitalization and Treatment

	FY 1970	FY 1971	FY 1972	FY 1973	FY 1974
Bal. Beginning of FY:	$1,307,770	$1,715,084	$1,970,017	$2,408,613	$2,965,575
Established During FY:	1,848,048	1,844,117	2,474,707	2,813,792	2,563,916
Total Accts. Receivable:	$3,155,818	$3,559,201	$4,444,724	$5,222,405	$5,529,491
Less:					
Cash Collections:	$ 190,461	$ 201,666	$ 224,999	$ 287,512	$ 250,086
Voucher Offsets:	1,462	93	857	532	--
Terminated by Committee:	58,799	35,252	58,994	118,347	85,302
Terminated by Fld. Station:	735,823	965,359	1,171,722	1,193,313	1,234,558
Waived by Committee:	183,155	131,653	229,125	285,386	360,028
Waived by BVA:	539	441	435	5,405	3,050
Compromised:	2,507	3,485	43,997	15	6,768
Bankruptcy or Death:	31,639	34,598	63,643	46,341	18,868
Reported to GAO	68,314	97,863	98,023	129,581	100,347
Collections Suspended:	157,632	118,234	140,799	190,398	95,189
Miscellaneous	10,403	540	3,517	--	--
Total	$1,440,734	$1,589,184	$2,036,111	$2,256,830	$2,154,196
Bal. on hand at end FY	$1,715,084	$1,970,017	$2,408,613	$2,965,575	$3,375,295

NOTE: The above includes General Ledger Receivable Accounts 1201 - Receivable Reimbursements - suspended ineligible hospitalization and treatment; 1209 Receivable Reimbursements - current status after suspended ineligible hospitalization and equipment and 1213 - Receivable Reimbursements-ineligible hospitalization and treatment.

Exhibit IV L

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5. Education and Training Overpayment Trends and Causes

The education and training overpayments make up 79% of the overpayments established in FY 1974 and account for 60% of the receivables on hand as of June 30, 1974. The following tables comparing the FY 1970 with FY 1974 overpayments established and on hand at the end of the fiscal year highlights the fact that the education and training overpayments are the main reason for the VA's high volume of accounts receivables:

Overpayments Established

Program	FY 1970 ($000)	 % of Total	FY 1974 ($000)	 % of Total
Comp. & Pension	$40,463	55.09	$37,900	11.19
Education & Trng.	17,907	24.38	269,027	79.38
Direct Loans	350	.47	121	.03
Guar. & Ins. Loans	12,573	17.12	29,184	8.62
Medical	1,848	2.52	2,564	.75
Insurance	309	.42	124	.03
Total	$73,450	100.0	$338,920	100.0

The total overpayments established in FY 1974 increased by 361.% over FY 1970. The education and training overpayments established led the way with an increase of 1402%.

Overpayment Balances at End of Fiscal Year

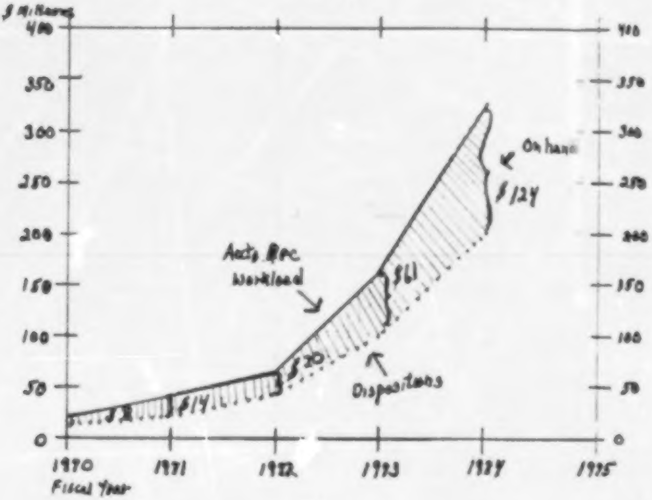
Program	FY 1970 ($000)	 % of Total	FY 1974 ($000)	 % of Total
Comp. & Pension	$23,708	29.84	$19,231	9.25
Education & Trng.	8,406	10.58	123,764	59.55
Direct Loans	1,426	1.79	1,085	.52
Guar. & Ins. Loans	43,946	55.31	60,290	29.00
Medical	1,715	2.16	3,375	1.62
Insurance	252	.32	118	.06
Total	$79,453	100.0	$207,863	100.0

The total overpayments on hand in FY 1974 increased by 1,516% over FY 1970 and again the education and training overpayments led the way with a 1372% increase. The education and training overpayments on hand have not leveled off for the on hand total as of December 31, 1974 had reached $135,655,905 or 9.6% higher than on July 1, 1974.

Another indication of the abnormal growth of education and training overpayments is a comparison with the Loan Guaranty program. Since the inception of the Loan Guaranty Program in 1945 the total debts established through June 30, 1945 were approximately $340,327,000. The education overpayments established in FY 1974 alone were $269,027,000 and over the five-year period from July 1, 1970 through June 30, 1974 were $513,116,000.

This massive increase in education overpayments can be traced directly to legislation which increased benefit rates and instituted advance payment and prepayment and to the VA's decision to relax payment controls and drastically expand the hardship payment procedure to the special payment procedure. The additional workload caused by these changes and the priorities given to paying benefits have resulted in a deterioration in the recovery of the overpayments. Each one of these causes will be tied in with the increase of the accounts receivable over the past five years.

The following chart shows the trend in the education and training accounts receivable workload, dispositions and balances on hand at the end of each fiscal year for the period FY 1970 through FY 1974.



Fiscal Year	Tot. Accts. Rec. ($000)	Dispositions ($000)	Dispositions % Tot. Rec.	On Hand End of FY ($000)	On Hand End of FY % Tot. Rec.
1970	$25,615	$17,209	67.2	$8,406	32.8
1971	41,394	27,422	66.2	13,972	33.8
1972	64,757	44,602	68.9	20,155	31.1
1973	162,566	101,986	62.7	60,580	37.3
1974	329,607	205,483	62.4	123,764	37.6

The following table illustrates theyear to year change in the accounts receivable established, dispositions and balance on hand at the end of each fiscal year, over the five-year period.

Fiscal Year	Establishments ($000)	Establishments % of Prior Yr.	Dispositions ($000)	Dispositions % of Prior Yr.
1970	$17,907	-	$17,209	
1971	32,897	+83.7	27,422	+59.3
1972	50,785	+54.4	44,602	+62.7
1973	142,411	+180.4	101,986	+128.7
1974	269,027	+88.9	205,483	+101.5

Fiscal Year	On Hand Balance ($000)	On Hand Balance % Prior Year
1970	$ 8,406	-
1971	13,972	+66.2
1972	20,155	+44.3
1973	60,580	+200.6
1974	123,764	+104.3

An evaluation of the above increase in receivables from year to year indicates the following causes for the continual rise in overpayments established and on hand:

1971

Public Law 91-219, Effective March 26, 1970, increased the education and training benefits by 34.6%. In addition, the number of trainees during the year increased by 30%. The combination of these two increases are the major reasons for the 84% increase in overpayments established in FY 1971 over FY 1970. The dispositions during this period were 66.2% of the new establishments, one percent less than FY 1970. This resulted in the balance on hand being increased by an approximate $5,506,000 to an on-hand balance of $13,972,000 at the end of FY 1971.

FY 1972

The number of trainees in FY 1972 increased by 285,000 or 17% over FY 1971. As the number of trainees increase so will the number of training interruptions and terminations increase. The balance on hand increased to $20,155,000 or an increase of $6,183,000 over the balance on hand as of FY 1971.

FY 1973

In this year the overpayments established increased by 180% to $142,411,000. This was an increase of $91,626,000 over the overpayments established in FY 1972. The balance remaining on hand at the end of FY 1973 increased to $60,580,000 or an increase of $40,425,000 over the balance on hand as of the end of FY 1972. The causes of this drastic increase can be attributed to the following:

- PL 92-540, Effective October 24, 1972. Authorized the prepayments of monthly benefits and the advance pay to veterans. The prepayment provisions were implemented by the VA effective November 1, 1972 and the Advance pay was implemented August 1, 1973.

In FY 1973 the number of trainees increased by approximately 263,000 or 11.2% over the previous year. This could account for some of the additional overpayments but not near the 180% increase over FY 1972. Since there were no increases in education benefit allowances, it can only be concluded that the primary increase was due to the prepayment of education benefits.

In January 1973, the Office of the Controller reported on a two percent sample of new education accounts receivable. With regard to prepayments, it was determined that 250 new accounts were created entirely by the prepayment concept and 344 accounts resulted in an increase in the amount of the receivable due to prepayment. Projected to 100% this would be 12,500 new accounts and 17,200 increased accounts receivable resulting from the prepayment concept. Since prepayments did not commence until November 1, 1972 the above sampling did not include a full calendar quarter.

In October 1974, the Study Team reviewed 63 cases of interrupted training. The review indicated the students had received prepayment of benefits for the month in which the award was terminated. The total overpayment in these cases was $35,579 and the amount of the overpayment related to the month in which payments were terminated was $14,811. Approximately 41.6% of the overpayment amount was due to the prepayment of monthly benefits.

The prepayment of benefits impacts BCL students in this manner. For BCL students, certifications of attendance are required monthly and prior to release of final allowance check. Under prepayment procedures, however, payment is made on the first of each month (except for final check), based on receipt of certification for second month earlier. For example, the check for the period May 1 through May 31 is issued the first of May based on receipt of certification for period March 1 through March 31.

One station reported that the work study program is in danger of not meeting its objectives and the prepayment policy is partly to blame. In this station the number of agreements under which no hours were worked were approximately 10.2% of the total agreements signed in 1974 (January - September). It was suggested that if veterans under this program were paid 50% in advance and the other 50% upon completion of the 100 hours of work, the percentage of no hours worked could be reduced.

Conclusion

A review of 330 cases revealed 198 cases or 32.7% had an elapsed period of time from four to twelve months from time of a trainee's interruption or termination of training until the VA recorded this change in its records. An examination of 51 case folders also revealed that in 24 cases the elapsed time for reporting interruptions of training ranged from two months to eleven months.

It is readily apparent from the above that reports of proof of enrollment or evidence of satisfactory pursuit of training cannot be furnished the VA in time to stop prepayment or advance payments to trainees who have not enrolled nor are pursuing education programs. As a result the number of overpayments established will continue to grow even if a small percent of the 2,462,000 trainees in training in FY 1974 interrupt or terminate their training.

The overpayments on hand will also continue to grow unless a high priority and sufficient resources are provided the collection activities in order to effect prompt and agressive recovery actions. It is pointed out that over the past five years 3% of the overpayments ($15,526,432) were written off as uncollectible, of which $7,649,889 or approximately half were written off in FY 1974 alone. Unless collection actions improve, the amount of the write-offs will increase drastically.

FY 1974 and FY 1975

In 1974 the overpayments established increased by 88.9% to $269,027,000 which is an increase of $126,616,000 over the overpayments established in FY 1973.. The balance remaining on hand at the end of FY 1974 increased to $123,764,000 or an increase of $63,184,000. As of December 31, 1974 the balance on hand had risen to $135,656,000 or an additional increase of $11,892,000. The causes of these large increases can be attributed to the continuing impact of advance and prepayments plus the following:

- PL 92-540, Effective October 24, 1972. The advance pay authorized by this Act was implemented by the VA effective August 1, 1973.
- PL 93-293, May 1, 1974. Extended through June 30, 1974 the delimiting date for veterans discharged prior to July 1, 1966 to complete their programs of education.
- PL 93-337, July 10, 1974. Extended the current eight-year delimiting date for veterans, wives and widows to complete their programs of education to 10 years.
- PL 93-508, December 31, 1974. Increased benefit rates by 22.7% for veterans pursuing institutional, cooperative, or farm cooperative courses; and for wives, widows and children pursuing institutional courses. Increased benefit rates by 18.2% for veterans who are receiving vocational rehabilitation training, etc. The rate increases were retroactive to September 1, 1974.
- Eliminating "Bar" to Future Payments on Release of the Certification Card. The Education system is being modified to eliminate the bar stopping the release of future payments and to provide a control for regional office follow-up on certifications to be maintained in the computer system. The target date for this modification is March 23, 1975 (Cycle 0 April). In the meantime, in order to provide for timely receipt of December 1974 checks, a computer program has been installed to simulate the processing

of a returned certification card. Timely payments will be made and the schools and Veteran Representatives will determine the training status of each veteran. Where the veteran is pursuing training at a different rate or has discontinued training, the certification card will be so noted and referred to the regional office for appropriate action.

- Special Payments. Starting in April 1974 all educational enrollments and reenrollments where payment is owed for more than 30 days are being made by TWX hardship. Also TWX hardship payments are being made on all rejected enrollment and reenrollment awards.

- DVB Circular 20-74-40 dated May 7, 1974 and changes to VA Regulations, paragraphs 14135 and 14137 provided the following changes in the processing of payments.

  a. Advance Payment will be authorized without a specific request from the veteran or eligible person when information is received that the person is eligible for benefits and will enroll (VAR Par. 14137).

  b. Certification of Pursuit of Course for IHL eligible students will be released in the first processing cycle in May or in the last month of training if the ending date is more than 3 months from the date last certified. No certifications will be required for students enrolled in college level programs if the award is for an enrollment of 3 months or less, or if the entire payment is due at the time of the award. Effective November 4, 1974, IHL pursuit cards will be directed to schools for completion by either a VA representative or school official. No bars will be set, but a computer control will be set...this control will not prevent issuance of the final month's payments when due. Also, delinquent certifications for a prior enrollment at the college level will not bar payment for a new enrollment period in a college level. Should a certification not be received for a period of one month the computer system will release messages to the Veterans Services Divisions indicating that verification of pursuit was not received and requesting confirmation from date of last certification. If no response to these messages is received in 30 days the same messages will be released again to the Veterans Services Divisions.

If no response is received to the second message in 30 days the computer will release messages to Field Station Directors informing them that there is an unverified period and requesting confirmation of pursuit from date of last certification.

c. Certification of Attendance for BCL students has been changed from a monthly requirement to a quarterly requirement. VA Regulation 14135, Paragraph H, dated August 26, 1974 provides that if required certification is not timely received payments will be suspended. If not received within two months (two quarters for correspondence after month due) the account will be discontinued as of date of last payment. If certification is later received, adjustment will be made on the facts found.

d. Certifications of Enrollment for each period of study has been changed to allow enrollment to cover the complete course pursued by eligible students.

e. Computer System Modifications. Computer Project Assignment 4-20-07E4 0917A, IHL Verification Processing dated 10/29/74, Target Date 3/23/75 (Cycle "O" April), will convert from suspended to terminated all cases with date of last payment more than three months earlier than the conversion month. The effective date will be the date of the last payment. A one-time message will be released to the Veterans Services Divisions stating these IHL cases have been terminated DLP and requesting confirmation.

Conclusions

Prepayment of Monthly Benefits (PL 92-540)

A major contributing factor to the increasing number of overpayments in FY 1974 and FY 1975 is the continuing impact of PL 92-540 authorizing the prepayment of monthly benefits. This situation will continue each year as long as prepayments are made. The number of overpayments of this type will increase as the number of veterans in training increase. The number of trainees in FY 1974 was 2,462,000 or 239,000 (+10.8%) more than were in training in FY 1973.

Advance Payment

The advance pay procedure was implemented on August 1, 1973. The study team visited field stations in the latter part of September, October and early November 1974 and it was too early to develop data on its impact on overpayments for enrollments. One station stated that many hundred of advance paychecks were returned by schools to either the U. S. Treasury Department or to the Agent Cashier at their office. Unfortunately, many of these checks have been returned by the schools too late to prevent the issuance of the November 1st check (to be sent to the veteran at his address of record). These checks will constitute an overpayment where the checks are not returned by the veterans.

DVB Circular 20-74-40 dated May 7, 1974 provided several administrative changes in processing payments. This directive provides that advance payments will be authorized without a specific request from the veteran or eligible person when information is received that the person is eligible for benefits and will enroll (VA Regulation Par. 14137, subparagraph (G)(2) amended 8/26/74). It also provides for special payments in those cases where an advance will not routinely process in sufficient time for a check to be at the school when the trainee enrolls; for an award which cannot be authorized prior to its effective date and when the Hines DPC rejects an advance payment award received more than one month after the course was to begin. Payment of benefits will continue when due even where the schools fail to return VAF 22-1999V, Certification of Delivery of Advance Payment and Enrollment.

The above procedure has further relaxed the payment controls and overpayments will occur where the veteran representatives and regional offices determine the trainee did not enroll. The extent of the overpayment will be the length of time it takes to determine the status of the enrollment.

Changes in the Processing of IHL and DCL Certifications of Training

The long delays and time-consuming follow-up of delinquent certifications should be considerably reduced since VA representatives on campus or school officials will complete and return the certifications. The problems of students failing to return or completing them incorrectly will be eliminated. The follow-up will be automatic with reminders produced by the computer for follow-up actions, as opposed to the former manual operation which due to the heavy workload and procedures was not timely accomplished.

It will permit continuous payment to students until a valid overpayment is established. Past procedures would "bar" further payments and suspend the case in cycle "0" May, until the facts in delinquent certifications were developed.

The above improvements are fine but it must be recognized that these same changes will increase the size of some overpayments and reduce some aspects of control. For example:

BCL Cases. By changing the requirement for Certification of Attendance from "monthly" to "quarterly," overpayments will be increased by whatever period the date of interruption or discontinuance exceeds one month. When the provisions of the VA Regulation providing for changing termination date from "Date of Last Certification" to "Date of Last Pay" are adopted, unless a certification is subsequently received, it would in effect prevent the establishment of an overpayment and eliminate the recovery of a possible ligitimate debt.

IHL Cases. Under the new procedure, timely receipt of certifications indicating an interruption and discontinuance of training will increase the overpayment by the May prepayment. The former procedure released certificates of

pursuit with the April prepayment checks and if the Certificates were not returned by Cycle 0 May payment was suspended and the May prepayment check was not released. Under the new procedure where the certification is delinquent and eventually resolved indicating a change of training status, the overpayment established would be increased by the number of months required to resolve the delinquent certification. The new procedure provides for three follow-ups at 30-day intervals when certifications are not timely received. During this period, if appropriate, payments will continue to be made. No provisions have been made as to the actions to be taken if no response is received from the third follow-up. If after 15 days from release of the 3rd follow-up and no response is received, payments should be suspended and the case terminated effective date of last payment. This will at least stop payments after a reasonable period of time. If certification is later received, adjustment will be made on the facts found.

The computer system modifications for IHL verification processing (Project Assignment No. 4-20-07E4-09174A) among other provisions will automatically terminate all suspended cases with date of last payment (month and year) more than three months earlier than the conversion month. Where no certification is received in response to the one time message released to the Veterans Services Division, the case would be closed and no overpayment established. At least one follow-up message should be sent to the Veterans Services Divisions to ensure receipt of the requested confirmation.

Increased Benefit Rates

The increased benefit rates provided in PL 93-508 will increase the dollar value of overpayments incurred after January 1, 1975. This Act was retroactive to September 1, 1974 and the retro-payment was made in early December. The following are some interesting data on the retro-payments.

Amount of Education Retro-Voucher:	$226,830,479
Number of Payees:	1,260,103
Amount of Retro-pay withheld for receivables:	6,573,452

Although over $6.5 million dollars were withheld for receivables, the amount of receivables on hand as of 12/31/74 still increased by $11, 892,000 over the balance on hand as of July 1, 1974. If not for the retro-payment, the increase would have been $18.6 million dollars.

The following recommendation are to minimize the impact of the payment procedure modifications.

Recommendations

No. 8. Regulation 14135(H), dated August 26, 1974, to terminate BCL cases as of "Date of Last Payment" should not be implemented. The regulation should be changed to "Date of Last Certification".

Comment:

Should the provisions of this Regulation be adopted, unless a certification is subsequently received, it would in effect wipe out the debt and eliminate any action to recover a possible legitimate debt.

No. 9. Suspend payments in IHL cases and terminate cases effective date of last payment fifteen days after release of the third reminder to the Field Station Director if no response is received before that time. If certification is later received, adjustment will be made on the facts found.

Comment:

The new procedure provides for follow-ups on delinquent certifications at 30-day intervals. During this period, if appropriate, payments will continue to be made. The procedure does not specify the actions to be taken if no response is received to the third follow-up letter. The above recommendation will at least stop payment after a reasonable period.

No. 10. Amend the Computer Project Assignment No. 4 - 20-0754-0917A) for IHL Verification Processing as follows: Provide for at least one follow-up message to the Veterans Services Division where no response is received to the request for confirmation of the termination of suspended cases during the conversion operation.

Comment:

The computer system modifications among other provisions will automatically terminate all suspended cases with date of last payment (month and year) more than three months earlier than the conversion month.

Special Payments

There are differences of opinion as to impact of special payments on accounts receivable balances. Many comments have been made that they rarely become accounts receivable and those that do are self-liquidating through offset in a very short period of time. In order to clarify the impact of special payments on accounts receivable and regional offices, the following discussion describes the education special payment process, however, the system for compensation and pension is the same.

Background

DVB Circular 20-74-79, dated July 25, 1974, eliminated the term "hardship" payment for those payments made outside of the education system by local or teletype procedures. The term "special pay" was substituted. This term more appropriately describes these payments.

It is important to understand that out-of-system special payments made manually through Treasury local disbursing offices or by teletype input for central payment by the Kansas City disbursing office are not recorded in the general ledger as accounts receivable when these payments are made. These payments are initially charged to account "4041 - Undistributed Benefit Payments" and are not recorded as costs. The payment is input to the beneficiaries individual master record as a special pay transaction (42A, Chapter 34 and 45A, Chapter 35). Input of the award is timed so as not to be processed in the individual master record until after the special payment has been recorded. When these transactions are properly coded and input in the system, the amount of the special payment will be withheld (offset) from the computed amount due from the award.

When the special payment has not been offset and an amount is still reflected in the master record the following month, it is then coverted to an accounts receivable (42B or 45B) and is recorded as an accounts receivable in general ledger account 1217 - Receivables - Benefit Payments.

In the education system the conversion to an accounts receivable is made in a special no input processing cycle (usually cycle 4 or 5) of the month following the month of payment.

There has been a widespread misunderstanding among some that these so-called "Special Overpayments" are not true overpayments. In fact they were not included in the initial five digits transferred to the CARS System.

There are several causes for these overpayments:

- The award is processed prior to input of the special payment -- a duplicate payment results.

- The award is processed in the system with an incorrect claim number (so-called "one shot input") and does not match the record establishing the special payment -- a duplicate payment results.

- The special payment input is incorrect (incorrect claim number stub name in error or payee number). When the award is processed it does not match the special payment records -- a duplicate payment results.

- The local special payment input (04G) or teletype special payment input (04T) matches a claim number in the record but does not match on stub name, (probably incorrect spelling) or payee number. These become unassociated receivable items and must be corrected and resubmitted before the special pay transaction is processed. In the meantime the award is processed and a duplicate payment results.

- The special payment input does not pass edit (incorrect number of digits in file number, etc.) This becomes an unassociated account and is not reflected in the master record. In the meantime an award is processed -- a duplicate payment results.

- An award is rejected. The special payment has been made. No recurring payments are being made as the award did not process. The beneficiary did not complete training for the period covered by the special payment. The VA was notified of the interruption before the rejected award was resubmitted. An overpayment for the period beyond the termination date results when the corrected award is processed.

- Incorrect computation. The special payment is manually computed. When an overcomputation is made the amount computed by the award will not offset the special payment. This will be withheld from future computer payments provided the student continues in training.

Types of Education Master Records

The master records in the education payment system consist of a basic segment containing data for identification, payment, and control followed by statistical, entitlement and attendance segments, where applicable. The basic record may be followed by one or more optional segments.

There are seven types of master records in the main file. These are listed below:

Type	Description
A	Running Award Master Record (All Payees)
C	Apportioned Payee (Ch. 31 only)
D	Accounts Receivable
E	Terminated (Same data as type A)
H	Application only
I	Certificate of eligibility issued
J	Disallowed

Only those records containing accounts receivable are discussed in this report. They are types A, D, E and I. The Volumes of these type records by year of establishment are shown in Exhibit IV-8.

Accounts receivable are contained in a segment of these records. The education program is identified by the deduction code and class as follows:

41B - Accounts Receivable - Chapter 34 - Veterans Educational Assistance.

44B Accounts Receivable - Chapter 35 - War Orphans' and Widows' Educational Assistance.

42B - Accounts Receivable - Chapter 34 - Special Payments Converted to Accounts Receivable.

45B - Accounts Receivable - Chapter 35 - Special Payments Converted to Accounts Receivable.

Analysis of Education Overpayments

Hines DPC produces at the end of each calendar quarter a listing of individual accounts receivable contained in the Compensation and Pension system (C&P and Loan Guaranty) and in the main Education system (Chapter 34 and Chapter 35). The Chapter 31 cases (Vocational Rehabilitation) are in a separate payment system and are not included. They are arranged by VARO station number, receivable type, class, and claim number. The balance of the accounts receivable and date established are furnished. The listings are used by regional offices to reconcile their memorandum receivable records.

At the request of the Study Team, the Director, Hines DPC, supplied the December 1974 print tape for the receivables in the Education system. A program was written to sort and tabulate these accounts by station, month of establishment and type of record. The project was run by the Washington DPC for the Team. The results of the data reviewed are as follows:

"A" Records - Active running award. These are active accounts and are the payment records for students enrolled in and pursuing a course of training. When there is an overpayment in the education record, the full amount of the monthly rate will be withheld until the overpayment is recovered, unless the beneficiary in an IHL case requests a lesser amount be withheld due to hardship and the arrangement is approved by the Finance Officer. A project to accomplish this for other than IHL cases is being developed.

When special pay input is recorded in the system after the award is processed, the monthly rate due from the award is withheld to apply on the overpayment. No collection action is taken as long as the enrollment continues. If training is interrupted prior to recovery of the full overpayment a message is issued stating the balance of accounts receivable at termination of training. It is not until then that a receivable is established and collection procedures are begun.

Many of these special payments include a retroactive amount in addition to the monthly prepayment amount. Some of the individual payments are in the maximum amount of $1,500 whereas the monthly rate, for example, may be $300 it would take five months to recover the debt yet the student's termination date may be prior to that time. Also it follows that some may drop out earlier since their benefits are being withheld.

Information as to number and value of accounts receivable by year of establishment and amount being deducted from benefits each month is shown in the following table:

"A" Records - Special Pay Receivables
Amounts Being Withheld
December 31, 1974

Calendar Year Established	Number of Accounts	Balance of Accts. Rec.	Amount of Monthly Deduction	Percent of Deduction to Total Accts. Rec.
1970	2	$ 104	$ 11	10.57
1971	1	234	179	76.49
1972	24	10,368	2,791	26.91
1973	137	62,675	14,962	23.87
1974	6,823	2,532,697	870,417	34.36
Totals	6,987	$2,606,078	$888,360	34.08

Data by month for calendar year 1974 shows the following:

"A" Records - Special Pay Receivables
Amounts Being Withheld

Month Established 1974	Number of Accounts	Accounts Receivable Balance	Amount of Monthly Deduction	% of Deduction to Accts. Rec. Bal.
Jan	58	$ 24,209	$ 6,888	28.45
Feb	106	55,357	13,213	23.86
Mar	103	46,483	11,682	25.13
Apr	149	64,904	18,180	28.01
May	314	121,749	35,714	29.33
June	515	201,305	6,413	32.99
July	373	166,414	46,760	28.09
Aug	623	251,975	87,482	34.71
Sep	687	252,184	90,398	35.84
Oct	1,127	415,429	143,804	34.61
Nov	2,768	932,688	349,883	37.51
Dec 1/	-	-	-	-
Totals	6,823	$2,532,697	$870,417	34.36

1/ Special payments made in December 1974 are not converted to overpayments unless they have not been offset by award action until January 1975.

It would appear that the 6,823 calendar year 1974 accounts with special overpayment balances of 2,532,697 and with monthly deductions of $888,360 would be liquidated within two to three months. This is a correct assumption provided the beneficiaries do not terminate their training status prior to that time. When the training is interrupted prior to recovery of the receivable, the record becomes an "E" type terminated record and collection efforts to collect the balance should begin promptly. The chart showing the number of accounts by month of establishment for calendar year 1974 shows the steady decline of the number of beneficiaries still in training with deductions being made to apply on these receivables.

The following chart depicts this situation and also compares the number and remaining balances of the total special payment receivables with the number and balances of those with deductions being made as of December 31, 1974.

Year Rec. Was Estab.	Total Special Pay Rec. Balances No.	Total Special Pay Rec. Balances Amount	Deductions Being Made Rec. Balance No.	Deductions Being Made Rec. Balance Amount	Deductions Not Being Made Rec. Balance No.	Deductions Not Being Made Rec. Balance Amount
1968	1	$ 343		$	1	$ 343
1969	6	1,860			6	1,860
1970	29	10,656	2	104	27	10,552
1971	142	49,197	1	234	141	48,963
1972	641	226,806	24	10,368	617	216,438
1973	2,480	1,055,435	137	62,675	2,343	992,760
1974	25,528	10,299,826	6,823	2,532,697	18,705	7,767,129
Total	28,827	$11,644,123	6,987	$2,606,078	21,840	$9,033,045

The above chart is illustrated below in percentages of special pay receivables with deductions and without deductions.

	With Deductions No.	With Deductions A/P Bal.	Without Deductions No.	Without Deductions A/P Bal
1969	-	-	100.00	100.00
1970	-	-	100.00	100.00
1971	6.89	0.97	93.11	99.03
1972	3.74	4.57	96.26	95.43
1973	5.52	5.94	94.48	94.06
1974	26.72	24.59	73.28	75.41
Total	24.24	22.39	75.76	77.61

It will be noted from the comparison that the balance of special pay receivables established in 1973 was $1,055,435 whereas only 5.52% of the veterans with special overpayment balances $62,675 are still in school. The 2,343 totaling $992,760, which represents 94% of the balances of the 1973 special pay receivables, do not have deductions from benefits and are overpayments requiring collection action.

It is recognized that rejected awards will be resubmitted on some of the November 1974 cases and perhaps some of the receivables established in October 1974. This would reduce the number and dollar value of these accounts.

Action to correct those receivable accounts with incorrect file numbers or other erroneous input will match them with active cases and start deductions to apply on them. However, in the meantime the beneficiaries are receiving their full checks and may interrupt training before corrective action is taken. The problem with these cases are discussed under the different types of records.

The above statistics prove beyond doubt that special payments can cause true overpayments and it is equally true that all of them are not automatically liquidated or "wash".

Analysis

The VA is not collecting all it could on duplicate special pay overpayments. The policy of not taking collection action on a duplicate payment when it is being recovered by offset frequently results in residual accounts receivable balances due to insufficient remaining months of training in the enrollment or voluntary withdrawal from training.

"E" Records - Training Terminated Status

There are numerous "E" type master records (training in terminated status) that contain special pay receivable balances. Establishment dates (when the special payment was made) go back as far as 1968.

"E" Records - Special Pay Receivables
Terminated Records
December 31, 1974

Calendar Year Established	Number of Accounts	Balance of Accts. Rec.
1968	1	343
1969	6	1,860
1970	27	10,552
1971	124	42,483
1972	533	170,611
1973	1,982	755,805
1974	13,753	5,074,917
Total	16,426	6,056,571

It is realized that the number of cases from 1971 and prior years are relatively small. It is pointed out, however, that the emphasis on special payments was not made until the issuance of DVB Circular 20-74-40, Education Payments, dated May 7, 1974. The special payment receivables for calendar year 1974 by month of establishment are as follows:

Special Pay Accounts Receivable
Balances as of December 31, 1974

"E" Type Master Records
Calendar Year 1974

Month Established	Number	Amount
Jan	535	$219,855
Feb	601	251,623
Mar	483	198,552
Apr	697	262,229
May	1,079	410,733
June	1,165	375,473
July	813	291,354
Aug	1,299	434,401
Sep	1,335	450,297
Oct	1,966	675,912
Nov	3,780	1,504,488
Dec 1/	-	-
Total	13,753	$5,074,917

1/ December special payments not cleared would not be converted to accounts receivable until January 1975.

With respect to the more recent cases, October and November 1974, it would appear that if the beneficiaries involved had reentered training the awards should have been processed to clear at least the October special pay accounts receivable by the time the data for the December quarterly listing was produced by Hines DPC (cycle 1 January 1975 run on December 20, 1974).

Analysis

There are many special payment accounts receivable in the system in "E" type - terminated records: (1) where the beneficiaries have not reenrolled, (2) are in the system under a different claim number, (3) rejected awards have not been input into the system or (4) there was a duplicate payment and the beneficiary training status was terminated prior to full recovery of the overpayment. (This is particularly true in the older cases.)

"D" Records - Accounts Receivable

When a special payment is made and the award is rejected the special pay input transaction is recorded as a "D" type master record (receivable only). When the award is correctly resubmitted it will match the "D" type record and the master record will become an "A" type record (active - running award case). When the award is processed the special payment will be withheld from the award payment and no overpayment will result if the special pay transaction has not been converted to a receivable. If the special payment has been converted to a receivable the award payment will also be withheld and liquidate the receivable.

Erroneous "D" Type Master Records

Theoretically all "D" type special payment receivable records should become "A" records (active running award when the award is processed. This, however, is not always the case. Some of these records have incorrect file numbers, stub names or payee numbers and will not match with the award when it is processed. Another reason is that the award has not been processed or was rejected.

In cases where the award is in the system under a different file number the beneficiary is being paid each month with no deductions being made, the computer at Hines produces messages on VA Form 20-6560 (message code 664 - Hardship Overpayment Balance) when the special payments do not liquidate and are converted to overpayments. It is important that these cases be investigated promptly and corrective action taken. The messages at three of the six stations visited were being put aside without action month after month. The reasons given were too much other work and at at least one station, they will clear up without action.

A number of these accounts are more than a year old and the records should have been corrected promptly. The possibility of recovering the overpayment by matching these cases with a running award diminishes as they get older. The following table reflects the situation.

Special Pay Accounts Receivable
Type "D" Master Records

Year Established	Number	Amount
1971	15	$ 5,945
1972	74	37,557
1973	298	182,834
1974	4,147	2,141,856
Total	4,534	$2,368,192

The 1974 accounts by month of establishment are shown below:

1974 Month	Number	Amount
Jan	73	$ 49.105
Feb	70	53,991
Mar	64	44,664
Apr	129	81,824
May	218	134,543
June	215	127,697
July	186	106,447
Aug	367	177,982
Sep	581	249,844
Oct	967	404,235
Nov	1,277	711,524
Dec 1/	-	-
Totals	4,147	$ 2,141,856

1/ December special payments not cleared would not be converted to accounts receivable until January 1975.

Analysis

The number of receivables in this type of record is 15.72 percent of the number of special payment accounts receivable and 18.36 percent of the dollar value of these receivables as of December 31, 1974. For example:

Total Number Special Accounts Receivable	28,827
Total Number "D" type receivables	4,534
Percent to total	15.72
Dollar amount total Spec. Accts. Rec.	$11,664,123
Dollar Amount "D" type rec.	2,141,856
Percent to total	18.36

The number of these records in connection with special payment processing further illustrates the need to improve the quality of special payment input and awards. At one station the teletype input was being reviewed prior to transmission. Code sheets and teletype input should be reviewed by someone other than the person preparing it.

"I" Type Records - Certificate of Eligibility Issued

These records are created when a certificate of eligibility to pursue a course of training in an institution is issued to a beneficiary. It is issued pursuant to an application from the beneficiary. The next processing step is enrollment in the training institution. An "Enrollment Certification" is then completed by the school and sent to the VA Regional Office. On the basis of the enrollment certification an award to pay the training assistance allowance is prepared and input into the system. The "I" type record then becomes an "A" record (active - running award).

Instructions to regional offices require that an award be prepared before a special payment is authorized. The special payment is processed and the award is not input until sufficient time has elapsed to allow for the special payment transaction to be recorded in an individual master record.

The special payment transaction if properly coded and input would be recorded in the individual master record either in an "E" record (training terminated), an "I" record (certificate of eligibility issued) or a "D" record (receivable only). It is recorded in an "E" record in reenrollment cases, an "I" record in an initial enrollment and in a "D" record when the certificate of eligibility and enrollment are processed together as one transaction (so-called one shot input).

It therefore follows that if instructions are followed, input is correct and timed properly, the special payment would not be converted to an accounts receivable as the award when input into the system would offset the special payment and an "A" record would be produced. However, since errors are inevitable accounts receivable will result. It follows that errors should be corrected promptly.

"I" type receivable records remaining for long periods of time indicate action has not been taken to associate them with an active record. The following table shows the number of these accounts by year established and the dollar value of the special pay receivables as of December 31, 1974.

Calendar Year	Number of Accounts	Receivable Balance
1971	2	$ 535
1972	10	8,270
1973	63	54,121
1974	805	550,356
Total	880	$613,282

Teletype Special Payments - The payment transactions (06G) are transmitted daily by teletype to Hines DPC. These payments are accumulated and a payment tape is processed daily by Hines and airmailed to the Treasury Disbursing Office at Austin, Texas (C&P), Kansas City (Education). The payment tape is received the following day at the DisbursingOffice and checks are prepared and mailed to the payee on that day. At the same time the Hines DPC produces the payment tape, a tape is generated to accumulate the special payments to be input in the next processing cycle in the C & P or Education system. The special payment tape (04T) causes the special payment to be recorded in the individual record to be offset when the award is processed.

The above describes the process and the results of the process if all of the data is correctly coded, correctly teletyped and proper, i.e., the award to make the payment is not input into the system until after the special payment has been input and accepted in the system. However, if the special payment transaction is rejected (fails to be recorded in an individual master record), it is recorded in a General Ledger account as an "Unassociated Accounts Receivable Debit" (Account 1229 - Unassociated Debits).

The special payment transactions are rejected where they matched an individual master record on the file number (Claim number) but the special pay transaction contains a name spelled differently from that in the master record.

These rejected special pay transactions require prompt review and corrective action by Regional Offices to match them with the beneficiaries records. Assuming the award for benefits has been recorded in the system under a different file number monthly benefit payments are being made and the special payment is not being deducted.

There are two problems the rejection of special payment transactions create in the Veterans Administration:

The first is that we do not reconcile our payments with the U.S. Treasury on the local special payments. The U. S. Treasury has made payment on the vouchers submitted but the special payment transaction is not recorded in our accounts at Hines.

The Treasury Department justifiably complained of this situation and has insisted that we adjust our books to reflect these payment transactions regardless of what our accounting records incorrectly reflect.

The second problem is that these payments are not recorded in the record as accounts receivable. They are so-called "floating items" that need to be accounted for.

The total of these special payments that are not identified as accounts receivable and therefore are not the object of collections - is considerable.

As of cycle 3, March 1975 there were approximately 800 items totaling $593,000.

The reason for this extensive discussion of these unassociated accounts is that those special payments create many costly problems for the VA.

The Hines DPC is responsible for clearing these unassociated accounts but they have many problems in their efforts to resolve them with the VA Regional Offices. In the first place the special payment transaction does not reflect the address of the payee or any other information that would assist them in correcting the case.

Central Office releases to regional offices have stressed the importance of clearing these items and has requested that efforts be made to correct the cases. The fact, however, is that they do not have enough information to readily identify the cases. Some of the cases date back to May of 1973. Hines periodically sends listing of these cases to the Regional Offices asking them to clear them. However, some of the older ones still remain. The last listings were sent to the regional office on March 10, 1975. Regional offices should establish a system of reviewing input of these cases prior to transmission. Central Office should again stress the importance of correcting them and furnish assistance where necessary.

Analysis

These unassociated items have created a serious problem. It has been necessary to increase the staff in the Finance Division at Hines by three positions recently to assist in clearing the increased workload. It appears that some regional offices may have given up on the older ones. It will take a concerted effort to get them corrected.

Conclusions

Special payments have increased and are not being automatically liquidated. As of December 31, 1974 there were 28,827 special payment receivables on hand with a value of $11,644,123. Eleven percent of these cases have ARS established in 1973 and earlier. An analysis of these overpayments indicates approximately two-thirds of the $11,644,123 will require collection action to recover the debts. The increased volumes of special payments and the high priority assigned to their processing have created operational problems and backlogs both in regional offices and the Hines DPC. For example:

- Experienced accounts receivable personnel have been detailed for substantial periods of time to prepare special payments and to answer educational assistance inquiries. As a result, recovery of overpayments have deteriorated and accounts on hand increased.

- The increased teletype workload has required additional personnel, overtime and has caused delays in the processing on other types of transactions, i.e. file number assignments, location of folders, routine responses, etc. On November 1, 1974 one station had a 5-day delay.

- Improper or untimely input of local special payments to Hines DPC has resulted in out-of-balance conditions between the accounts of Hines DPC and Treasury. Reconciliation is difficult and requires considerable man-hours in regional offices and in the Hines DPC.

- Teletype special payment input transactions are rejected by the Advanced Record System. One station instituted a 100% review of teletypes before their release and reduced their reject rate from 1.8% to 0.49%. Two full time GS-3 employees were required on the two shifts. At the Hines DPC the reject rate is between 100 to 130 per each education processing cycle. Most of these result in duplicate payments. Field stations have not been correcting rejects promptly and as a result, as of cycle 3, March 1975 there are approximately 800 transactions totaling $593,000 that are not reflected in the accounts receivable balance. Some of these cases date back to May 1973.

- The pressure of expediting the high number of special payments has resulted in adjudication on and Finance personnel overlooking the existence of the notice of an outstanding overpayment in the claims folder and authorize a special payment without the proper offset. The records show many instances where the existing overpayment was increased due to students not enrolling as planned or terminating training before the additional payment was recovered.

One reason for the high volume of special payments is the fact that schools are not forwarding a VA enrollment certification form to regional offices in sufficient time to permit routine processing of advance payments. The situation in Northern California was so bad that the San Francisco RO Information Service dispatched a press release to that effect to head off unjustified criticism of the VA

Recommendations

No. 11. DVB and the Controller immediately undertake a project to develop a single special payment/award input code sheet which will contain single identification information; be given special payment priority processing in the regional offices; and be forwarded to the Hines DPC via teletype. The special payments will be processed in accordance with present procedures. The award data of this single input code sheet will be extracted and placed on tape to be processed in cycle in the Education System. This change would eliminate rejects due to erroneous identification data and the resulting release of duplicate payments.

No. 12. Pending development of the above project, the use of the special payment procedure should be at the discretion of Regional Office Directors to be used for true hardship cases or for local problems generated by late receipt of enrollment documents from schools, rejected awards and workload backlogs which will not permit routine processing in sufficient time for the advance pay check to be at the school when the trainee enrolls.

Analysis of Outstanding Accounts Receivable By Regional Office as December 31, 1974

The educational allowance overpayments outstanding at regional offices as of December 31, 1974 were analyzed to determine the extent of the problem at each station. The table in Exhibit IV-O compares the dollar volume of special payment overpayments and regular overpayments as of December 31, 1974 with the number of students enrolled as November 30, 1974. The November enrollment data was used as it more accurately reflects the fall enrollment data than the December 1974 statistics.

The chart in Exhibit IV-0 is arranged in the order of the percentage of each stations enrollment to the nationwide total. It will be noted that the percentage of total outstanding overpayments does not bear the same relationship as the percent of students enrolled.

The following table shows ten stations with the largest dollar amount of the total education accounts receivable arranged in that order.

Education Receivables - 12/31/74

Station	Accounts Receivable Balances Ranked by AR Bal.	Balance in ($000)	% to National total	Enrollment % of Enroll.	Ranked by Enr
Los Angeles	1	$ 16,802	13.37	7.50	1
San Francisco	2	9,557	7.60	6.04	2
New York	3	6,346	5.04	3.79	6
St. Petersburg	4	5,351	4.25	3.96	4
Cleveland	5	5,094	4.05	3.55	8
Chicago	6	4,891	3.89	4.40	3
Atlanta	7	4,343	3.45	2.40	13
Winston-Salem	8	4,219	3.35	2.95	9
Seattle	9	3,650	2.88	2.16	15
Houston	10	3,565	2.83	2.62	11

It will be voted that Waco, seventh in the number of students enrolled does not appear in the above table. The station is sixteenth in the total dollar amount of education receivables on hand. St. Louis is tenth in the number of students enrolled but is fifteenth in the receivables on hand.

Students in training under jurisdiction of the San Juan RO, ranked 40th in enrollment, represent approximately eight tenths of one percent of the total enrollment. However, the station has 1.64% of the total accounts receivable in the education program and is 22nd when ranked by accounts receivable balance. There may be circumstances that explain the higher proportion of receivables on hand such as IHL institutions not reporting terminations promptly.

In order to determine if the receivables on hand are due to a build up of undisposed cases it is necessary to determine the age of these accounts for these stations. The following table reflects the age of regular accounts receivables at the 15 stations with the larger dollars amounts of older accounts.

Education Accounts Receivable - On Hand 12/31/74
Aged by Year of Establishment

Regular Overpayments

Station	1966-1970	1971	1972	1973
Los Angeles	$ 55,997	$137,740	$443,633	$3,016,007
New York	46,975	58,127	128,539	894,687
Veterans Benefits Ofc.	33,697	58,715	134,931	538,160
Chicago	30,701	32,260	106,678	795,426
San Francisco	23,824	67,289	165,814	1,563,111
Baltimore	11,023	8,000	23,042	173,319
San Juan	9,672	11,969	51,001	346,478
Cleveland	8,718	29,782	124,466	1,023,234
Seattle	8,059	20,298	62,596	747,185
Phoenix	6,782	26,494	78,900	446,805
St. Petersburg	6,617	17,789	68,964	694,502
Newark	6,398	7,288	20,883	261,573
New Orleans	5,868	9,821	47,922	487,185
Philadelphia	5,694	10,407	32,872	383,168
Buffalo	4,169	19,760	62,825	279,079

A very small percentage of the beneficiaries are in training with amounts withheld to apply on these receivables. The remaining cases need collection action. Since they were not transferred to the CARS System it is incumbent that these stations take action to promptly and properly dispose of these accounts.

The alarming statistic is the high rate of special payment accounts receivable at some regional offices. At New York the special pay accounts receivable are 33.41% of their total education accounts receivable and 18.15% of the total VA special pay receivables. The station had only 3.79 of the total VA enrollments.

The following table shows the stations with the larger dollar volume of these receivables in relation to their total education receivables.

Education Accounts Receivables
12/21/74

Station	Special Pay Accounts Rec. Bal.	Percent to Station Total AR	Enrollment Rank
New York	$ 2,120,260	33.41	6
Philadelphia	383,718	18.07	12
Wilmington	54,656	17.84	54
Baltimore	180,564	17.67	35
Newark	312,743	17.51	16
Los Angeles	2,250,882	13.39	1
Chicago	641,130	13.10	3
Houston	446,917	12.53	11
Boston	226,250	12.46	14
Pittsburgh	114,875	12.26	30

It will be noted that San Francisco which is second in the number of students enrolled is not on the list. The percent of special payment accounts received to their total education accounts receivable is 4.45. This places them as the 42nd station of 57 stations (Manila excluded).

The following table shows the age of special payment accounts receivable at the five stations with the larger dollar amounts of older accounts:

Education Account Receivable - On Hand 12/31/74
Aged By Year of Establishment
Special Payment Overpayments

	Year of Establishment			
Station	1966-1970	1971	1972	1973
Los Angeles	6,860	17,391	101,127	367,221
New York	68	6,789	11,336	80,997
Chicago	249	5,208	29,637	113,746
Houston	909	2,817	15,168	70,775
San Francisco	1,971	2,489	5,350	33,124

There are a considerable number of receivables established in calendar year 1974, that are still outstanding with no deductions being made at these stations.

The number of special payments with "D" type master records (Receivables only) were aged by station. The following table shows those stations with cases on hand with establishment dates that to back to calendar year 1971 and 1972.

Number of "D" Record ARS (12/31/74)

Station	1971	1972	1973	1974
New York	3	6	58	860
Los Angeles	7	25	112	607
Houston	2	2	36	270
Chicago	2	23	55	177
Phoenix	2	5	2	95
San Diego		2	4	99
Juneau		1	7	176
St. Petersburg		1	3	78
VBO		1	1	58
Detroit		1	3	48
St. Louis		1		39
Manchester		1	1	3

Some of the 1974 cases were several months old. New York had 375 cases dating from September back to January 74; Los Angeles 266 from January through September.

The amounts of these special pay receivables on hand as of December 31, 1974 average $513. There are several in the system for the maximum amount of $1,500. There were three of the $1,500 accounts with establishments dates of March, April and May of 1974 for the Buffalo Regional Office. The statistics show that several stations are not giving these accounts the necessary attention.

The number of special payments with I type master records. Certificate of Eligibility Issued were aged by station. The twelve stations with the larger numbers are listed below:

Number of I Recording (12/31/74)

Station	1971	1972	1973	1974	Total
Los Angeles	1	5	26	83	115
New York		1	6	79	86
Detroit				79	79
Chicago			2	45	47
St. Petersburg			1	40	41
New Orleans			2	36	38
VBO				38	38
Houston			6	32	38
Baltimore				25	25
Juneau				24	24
Boston				23	23
Phoenix				23	23
Totals	1	6	43	527	577

The total number of I type special payment receivables in the Education system as of 12/31/74 was 830. The above 12 stations have 65.6% of the records. The remaining cases are scattered in the records of 38 other stations. Seven stations did not have any of these records.

Some of the more recently established cases have probably been associated with a running award. However of the total of 805 accounts established in 1974, 391 accounts date from September 1974 back to January 1974. It appears that these should have been cleared at the time the data for the December 1974 listing was produced by Hines DPC.

Although the number is relatively small compared with total special payment receivables this study shows that cases are not being reviewed and proper action taken at several stations.

Analysis

The evaluation of the regional office accounts receivable illustrates the size of an office or the number of trainees serviced are not necessarily the major reasons for the high volume of accounts receivable on hand, the age of these receivables since date of establishment, nor the high number of special payment receivables requiring collection actions.

The data furnished in the narrative and Exhibits should pin point those regional offices which have out-of-line situations in the number of special payment receivables established and low number of all accounts receivable dispositions.

It would be productive for a C.O. Team of DVB and Controller experienced technicians to assist these stations by on-site visits to evaluate their accounts receivable operations, isolate problem areas, and develop a plan to resolve these problems, including the detail of personnel to conduct training.

Conclusion

The sharp rise in special payments started with the issuance of the DVB Circular 20-74-40, Education Payments, dated May 7, 1974. As of December 31, 1974 there were 28,827 special payment accounts receivable on hand with a value of $11,644,123. An analysis of these overpayments indicates that approximately two-thirds will not be automatically liquidated from benefits and will require collection action to recover the debts.

The high volume of special payments have presented regional offices and the Hines DPC with multi-faceted problems. For example:

- o Special payments require manual and teletype operations to supplement a sophisticated system. Exhibit IV P is a general description of the San Francisco RO's special payment work flow. The other stations visited by the study team have similiar type systems modified to meet their individual needs. The amount of manual work and special handling has created backlogs throughout the regional office.

- o Experienced accounts receivable personnel have been detailed for substantial periods of time to prepare and process special payments and to analyze files to answer EAIs. As a result the collections of overpayments and other disposition actions have deteriorated due to lack of attention

- o Examples of the impact on regional office administrative divisions were cited. One regional office transmitted 19,534 teletype special payments during September 1974 of which 363 (1.8%) were rejected by the Automated Records System (ARS) due to improper format and coding. To reduce the reject rate two full time proofreaders (GS-3) were employed on the two shifts to review the code sheets for completeness and to insure that the hard copy of the teletype was accurate, complete and in proper format prior to transmission. As a result of this review of the 19,534 teletype special payments released from October 1 thru October 24, 1974, ARS rejected 62 messages for a reject rate of 0.49%. Another station reported that 6,311 special payments were received in the Teletype Unit during the period of October 15-31, 1974. During this period 176 hours of overtime were worked and 1 additional teletype operator employed. In addition the increased workload caused a 220 manhour backlog as of 11/1/74 (Approximately five workdays) on other types of transactions, i.e. file number assignments, location of folders, routine responses, etc.

- o Out of balance conditions exist between DPC Hines' SF-224 report and Treasury records for each month dating back to December 1973. This situation is due to improper submission of 04G transactions to record "local" special payments. For the seven month period, December 1973 through July 1974, there were still unresolved differences totaling $133,089. There were also unresolved differences for each month since July 1974 ranging from $41,025 in August to $186,158 in October 1974. The out of balance SF-224 condition can be attributed to a large degree to local special payments. Local payments are made and charged to Hines DPC accounts. It has been claimed that regional offices are delayed in resubmitting rejected 04G transactions to Hines to record these payments as R.O. employees are busy making special payments. Consequently, Treasury records and Hines DPC records do not reconcile. As a result many man hours are required to reconcile and keep on top of the situation.

- o The Hines DPC reported on a number of 04T "teletype" special payment transaction rejects. There are between 100 and 130 04T transactions being rejected each Education cycle due to discrepancies in name and/or file number. The Hines DPC Finance Division must obtain correction data from the regional offices in order to properly resubmit the rejected transaction. This is a time consuming operation. Since rejected 04T transactions are not recorded in the master record if an award if processed before the rejected 04T is resubmitted into the system an overpayment will result. As of Cycle 3, March 1975 there were approximately 800 items totaling 593,000 which are not reflected in the accounts receivable balances in the General Ledger. Some of these cases date back to May 1973.

- o The pressures of expediting special payments have resulted in sloppy processing in regional offices. The following are two examples of a good many cases:

  a. On 2/18/74 an overpayment was established for $1,144.33 because of an interruption or discontinuance of training. The collection procedure was followed and collection demand letters were released on 1/30/74, 5/3/74 and 6/28/74 with no response from the veteran. A request for a credit report was released and a reply received on 8/8/74 indicating the veteran could not be contacted and employment not determined. On 9/10/74 a VA Form 20-1999 VA Enrollment certification was received. The regional office Adjudication Division established an award on 9/20/74 and approved a special payment for the period 9/12 to 10/30/74. The Finance Division processed the special payment and completed the Fiscal Payment and Adjustment Code Sheet on 9/20/74 for special pay of $426.30. The TWX was released 9/24/74. On 9/21/74 the veterans letter dated 9/9/74 requesting a waiver of the $1,144.33 overpayment was received. The last action noted was the request for the claims folder by the accounts receivable clerk.

  COMMENT: The notice of the overpayment was in the claims folder and apparently overlooked. As a result the special payment was not applied to reduce the overpayment. Should the veteran not enroll or drop out of school the overpayment of $1,144.33 could be increased by the amount of the special payment.

b. A special payment was made for the period 9/18/72 to 1/31/73 at the rate of $220.00 for a total of $975.33. An overpayment was established for the $957.33 on 3/18/74 since the award input was rejected. On 3/21/74 Adjudication personnel determined the award rejected as there was no remaining entitlement. In response to the second collection letter the veteran requested waiver of the debt which was granted on 9/5/74.

COMMENT: If the award were processed thru the regular payment procedure, the computer system would not have made the payment.

The above examples are not isolated cases. A check of regional office records reveal too many cases of this nature.

In response to information as to the time it takes from date of transmission of the special payments to receipt of check, one station conducted a timeliness study the last week in August 1974. Twenty-five letters were released with the checks requesting information as the date received. Twenty-one responses indicated the following

Number of Checks Received	Number of Calendar Days
1	6 (Out of State Address)
3	5
7	4
10	3

Although requested none of the stations visited had any information as to the amount of total processing time it took to process regular awards vs special awards.

Another problem which impact the volume of overpayments is the fact that schools are not forwarding a sizeable number of VA Enrollment Certification Forms to regional offices in sufficient time to permit routine processing of payments. The situation in Northern California was so bad that the San Francisco RO Information Service dispatched the press release in Exhibit IV Q to head of unjustified criticism of the VA.

Recommendations:

No. 13. Develop an insert type message to be mailed with special payment checks advising the trainee of the special payment and in the event he receives a duplicate check he should immediately return the check to Treasury. It should stress the fact that duplicate checks, unless returned, become debts requiring collection action by the VA.

No. 14. Regional offices should be directed to (1) Review the Hines DPC listing of outstanding 04T and 04G transactions and take the required corrective action. (2) Investigate all outstanding special payment accounts receivable for which no recurring deductions are being made (E Records) that are not in the CARS System and take necessary actions to dispose of them in accordance with collection procedures. (3) A concerted effort should be made to clear up all erroneous "D" and "I" type records with receivable balances. The Office of the Controller (047) should require the field stations to submit a monthly report on their actions on the above two items.

Exhibit IV-M

Legislation, VA Regulations and Administrative Procedures with Contributory Affect on the Creation and Disposition of Overpayments

VR&E

1966

PL 89-358 (Title 38-USC - Chapters 34 and 36) March 13, 1966, Effective June 1, 1966. Provided for educational benefits for veterans with 180 or more days service on or after January 31, 1955 who were discharged or released from service under conditions other than dishonorable, or was discharged or released from active duty after such a date for a service connected disability.

VAR 14203R(1) March 3, 1966. Requires monthly certifications of attendance for students enrolled in and pursuing courses not leading to a standard college degree (Below College Level - BCL) signed by the veteran and the school.

VAR 14204-A- March 3, 1966. Required monthly certification for student attending college level courses (IHL) that he was pursuing his course of training, signed by the student.

1967

VAR 14204-A-Regulation was amended February 8, 1967 (TS 260) to require certification of pursuit of training by IHL student only in the penultimate month of enrollment. Payment would not be released for the penultimate and final month (usually a fractional month) until the certification was returned.

1970

Public Law 91-219, Effective March 26, 1970. -- This act increased substantially the benefit rates for veterans and Servicemen pursuing a program of education as well as for wives, widows and children in programs of education. Established the new program knows as Predischarge Education Program (Prep).

Exhibit IV-M
(Continued)

1972

PL 92-328, Effective August 1, 1972. This Act permits the Administrator to extend relief to veterans, their dependents and other innocent third persons, from the consequences of an administrative error by the VA where loss is suffered by reason of reliance upon an erroneous determination of benefit eligibility or entitlement. The Administrator shall submit an annual report to Congress on the disposition of each case recommended to him for equitable relief.

Prohibits the recovery of payments or overpayments of any benefits administered by the VA whenever the Administrator determines that recovery would be against equity and good conscience. Permits waiver of payment of an indebtedness to the VA by a veteran or his spouse, following the default and loss of his property, which was guaranteed, insured or made by the VA, where the Administrator determines that the collection of such indebtedness would be against equity and good conscience.

1973

VAR 14204-A- Regulation was amended October 24, 1972 to require certification by IHL students in April of each year. In the case of a scheduled termination at other than the end of the spring term, semester, or quarter, a report is required during the last month of the certified period of enrollment.

Exhibit IV-M
(Continued)

1973

PL 92-540, October 24, 1972, Section 1780, c, Title 38, USC authorized prepayment of monthly benefits subject to such reports and proof of enrollment in and satisfactory pursuing of such programs as the Administrator may require. The law also authorized an initial advance payment of subsistence allowance to veterans enrolled in a course of vocational rehabilitation and of the educational assistance allowance to veterans and to wives, widows and children pursuing educational programs on a half time or more basis. The prepayment concept was instituted by the VA effective November 1, 1972. Advance pay was instituted effective August 1, 1973.

1974

PL 93-293, May 31, 1974. This Act extends, through June 30, 1974, the delimiting date for veterans discharged prior to July 1, 1966, to complete their programs of education.

PL 93-337, July 10, 1974. Extends the current 8-year delimiting date for veterans, wives and widows to complete their programs of education to 10 years. Would include, in computing the delimiting date for those veteran-civilians held as prisoners of war by a foreign government or power, the period of time during which they were detained plus any period of time they were hospitalized immediately subsequent to their release.

Exhibit IV-M
(Continued)

PL 93-508, December 3, 1974. The Vietnam Era Veterans' Readjustment Assistance Act of 1974 provides the following which affect Education benefit payments and accounts receivable.

Increases benefit rates by 22.7 percent for veterans who are pursuing institutional, cooperative, or farm cooperative courses; and for wives, widows, and children pursuing institutional courses. Increases benefit rates by 18.2 percent for veterans who are receiving vocational rehabilitation training, institutional on less than half-time basis, flight, PREP, or correspondence courses, or receiving apprentice and on-job training; for servicemen pursuing a program of education while on active duty; for wives, widows, and children pursuing cooperative courses, or receiving apprentice or on-job training; for wives and widows pursuing correspondence courses; and for those eligible persons pursuing full-time courses of special restorative training.

Removes the limitation on the number of veteran-students the VA may utilize under the work-study program and increases the number of hours during which a veteran may work under the program from 100 to 250 hours per semester or other applicable enrollment period and the maximum a veteran may receive for such work from $250 to $625.

Liberalizes the tutorial assistance program for veterans and servicemen by increasing the monthly rate to $60 and the overall maximum to $720, and increases the number of months available to 12 and extends the tutorial program by law to veterans receiving vocational rehabilitation training under chapter 31.

Authorizes supplementary assistance to veterans or eligible wives, widows, and children pursuing courses on a half-time or more basis at colleges or certain below college level institutions through direct loans to such individuals by the VA up to a maximum of $600 per academic year. The loans would provide needed funds for such individuals to pursue their academic programs where they have been unable to secure sufficient loans through certain other Federal loan programs.

Provides up to 9 months of additional entitlement for certain veterans to use in pursuing a program of education leading to a standard undergraduate college degree.

Provides statutory authority for the Man-on-the-Campus program. Authorizes to be assigned to each educational institution where at least 500 persons are enrolled under the VA educational programs, one full-time representative per each 500 persons, and on a less than full-time basis where there are less than 500 such persons enrolled. Provides that preference in selecting and appointing representatives shall be given to Vietnam era veterans with experience in veterans' affairs, counseling, outreach, and other related veterans' services. The representatives are to work closely with veterans' coordinators receiving veterans' cost-of-instruction payments under the Higher Education Act, and provide necessary guidance and support to veteran-student services personnel assigned to the campus under the VA work-study program.

Exhibit IV-M
(Continued)

DVB Circular 20-74-40 dated May 7, 1974 provided the following administrative changes in processing payments:

1. Advance payment will be authorized without a specific request from the veteran or eligible person when information is received that the person is eligible for benefits and will enroll.

    (a) RO's will process one-time special payments in those cases where an advance payment award will not routinely process in sufficient time for a check to be at the school when the veteran or eligible person enrolls (App A, Par 7, b(2)).

    (b) An award which cannot be authorized prior to its effective date will not be prepared for advance payment. This includes rejected awards which cannot be processed prior to commencement date. Instead an award will be prepared for special payment. App A, Par 7, b(3)).

    (c) An advance payment award sent to Hines DPC more than one month after the course was to begin will reject. Immediate action will be taken to verify enrollment and process a special payment, unless one had previously been processed under (App A, Par 7, B(2)).

2. Enrollment of veterans and eligible persons attending on at least a half time basis will be for a complete degree or course and awards will be prepared for a like period unless earlier termination is required because of delineating date or exparation of entitlement.

3. Failure of school to return, VAF 22-1999V, Certification of Delivery of Advance Payment and Enrollment will cause a message to be generated to the Regional Office to determine

Exhibit IV-M
(Continued)

the enrollment status, instead of terminating payments retroactively. Payment of benefits will continue to be made when due. Advance payment awards effective on or after August 1, 1974 will not be subject to suspension or termination due to delinquent VAF 22-1999V. Follow-up messages will be sent from DPC Hines when VAF 22-1999V is not timely returned (DVB Circular 20-74-40, Appendix A, Par 7d(2)). Prompt action is to be taken by the Vet Rep to verify the status of the trainee and report it to the parent Regional Office (DVB Circular 20-74-40 Appendix C Par 2a(2)).

4. Veterans Benefits Counselors will be stationed at colleges and universities having a sizeable enrollment of veterans and eligible persons to serve as a liaison between the school (officials and eligible students) and the regional office, and to perform other veterans assistance functions.

5. VA Form 22-65553, Certification of Pursuit of Course Leading to a Standard College Degree, will be eliminated for the eligible students enrolled in college-level programs if the award is for an enrollment of 3 months or less, or if the entire payment is due at the time the award is processed. When required, the certificates will be sent to the school for completion by a VA employee on campus. Other arrangements will be made when there is no VA employee on campus. (No bar will be set, but the computer control will be established at DPC Hines.) (Installation date for the change in certification procedures will be announced later.)

6. A delinquent VA Form 22-6553 for a prior enrollment period at the college level will not bar payment for a new enrollment period in a college level program.

7. VA Form 22-6553a, Monthly Certification of Attendance for Courses Not Leading to a Standard College Degree and Farm Cooperative Courses, will be required quarterly rather than monthly. (Installation date for this change will be announced later.)

Exhibit IV-M
(Continued)

8. Direct and continuing liaison will be maintained between school officials, veterans and eligible persons and VA employees to promptly resolve "no payment" and/or improper payment cases.

VAR Paragraph 14135. Subparagraph (H) was amended August 26, 1974 to provide that if a required certification of enrollment is not received the benefit shall be terminated date of last payment rather than date of last certification. Subsequently, if information is received, adjustment will be made on the basis of facts found. The subparagraph has also been amended to provide that if the certification in the case of an advance payment is not timely received the actual facts will be obtained and necessary adjustments made on the basis of facts found. If termination is required because the student never actually enrolled it shall be effective as of the beginning date of the enrollment period.

VAR Paragraph 14137. Subparagraph (G)(2) was amended August 26, 1974 to indicate that the advance payment may be authorized by the VA without a specific request from the veteran or eligible person provided the evidence of record establishes an application for educational benefits and establishes sufficient data upon which an award may be based as required by subparagraph (G)(3).

Chapter 34 and Chapter 35 Receivables
Analysized by Year of Establishment
12/31/74

	A Master		D Master		I Master		E Master		Totals		Deductions		Percent with Deductions
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Monthly Amount	
1966							2	387	2	387			.00
1967	1	360					38	6,989	39	7,349	1	9	2.56
1968			3	769			169	38,769	173	39,538			.00
1969	6	787	3	725			350	96,102	359	97,614	6	135	1.67
1970	15	3,038	4	369	1	98	660	183,638	680	187,143	14	620	2.05
1971	43	9,935	28	8,197	2	536	2,338	731,433	2,411	750,101	41	2,619	1.70
1972	210	59,914	81	39,839	12	8,986	8,081	2,507,966	8,384	2,616,705	193	12,859	2.30
1973	1,856	583,159	317	191,031	68	56,954	57,726	21,664,960	59,967	22,496,104	1,783	155,421	2.97
1974	28,323	9,351,204	4,349	2,209,075	836	364,241	223,823	87,351,281	257,331	99,475,801	26,537	3,717,607	10.30
1975(Jan)[1]	6,762	1,500,908	1	1,910	1	250	13,388	6,433,555	20,157	7,936,623	6,587	900,588	32.67
Totals	37,221	11,509,305	4,786	2,451,915	920	631,065	306,375	119,015,080	349,503	133,607,365	35,162	4,789,858	10.06

SOURCE: DPC Quarterly listing of education accounts receivable

[1] Data produced by Hines in cycle one of January 1975, therefore it contains receivables established in two January processing cycles

Exhibit IV-7

Comparison of Special and other Education Overpayments as of December 31, 1974
In Relation to the Number of Trainees Enrolled for each Regional Office

	Students in Training				Overpayments as of December 31, 1974			
	Number as of	% to Total	Regular	Special	Percent of Special ARS		Total Station ARS	
Regional Offices	11/30/74	in Training	Overpayments	Overpayments	To Sta. Tot. ARS	To VA Spec. ARS	Dollars	% to Total
Los Angeles	120,470	7.50	$14,551,490	$ 2,250,882	13.39	19.27	$16,802,372	13.37
San Francisco	97,003	6.04	9,130,984	426,180	4.45	3.64	9,557,164	7.60
Chicago	70,815	4.40	4,250,246	641,130	13.10	5.48	4,891,376	3.89
St. Petersburg	63,666	3.96	5,069,918	280,837	5.24	2.40	5,350,755	4.25
Detroit	61,495	3.82	3,277,113	143,090	4.18	1.22	3,420,203	2.72
New York	60,906	3.79	4,225,428	2,120,260	33.41	18.15	6,345,688	5.04
Waco	58,053	3.61	2,353,849	189,243	7.44	1.62	2,543,092	2.02
Cleveland	57,111	3.55	4,693,273	400,599	7.86	3.42	5,093,872	4.05
Winston Salem	47,416	2.95	4,003,238	216,199	5.12	1.85	4,219,437	3.35
St. Louis	42,582	2.65	2,382,616	207,302	8.00	1.77	2,589,918	2.06
Houston	42,131	2.62	3,118,095	446,917	12.53	3.82	3,565,012	2.83
Philadelphia	39,944	2.48	1,738,708	383,718	18.07	3.28	2,122,426	1.68
Atlanta	38,578	2.40	4,127,038	216,049	4.97	1.84	4,343,087	3.45
Boston	35,569	2.21	1,588,885	226,250	12.46	1.93	1,815,135	1.44
Seattle	34,762	2.16	3,552,914	96,727	2.65	.82	3,649,641	2.90
Newark	34,137	2.12	1,472,709	312,743	17.51	2.67	1,785,452	1.42
Washington, D. C.	33,354	2.07	3,032,656	266,686	8.08	2.28	3,299,342	2.62
San Diego	33,170	2.06	3,101,698	396,592	11.33	3.39	3,498,290	2.78
Montgomery	32,587	2.02	2,004,184	67,638	3.26	.57	2,071,822	1.64
Nashville	31,535	1.96	2,883,210	72,577	2.45	.62	2,955,787	2.35
Denver	29,649	1.84	2,372,537	140,711	5.59	1.20	2,513,248	1.99
Milwaukee	29,436	1.83	1,185,929	52,660	4.25	.45	1,238,589	.98
Roanoke	29,341	1.82	908,661	60,798	6.27	.52	969,459	.77
Phoenix	28,046	1.74	2,208,579	220,310	9.07	1.88	2,428,889	1.93
Buffalo	27,706	1.72	1,277,564	85,939	6.30	.73	1,363,503	1.08
St. Paul	27,312	1.70	1,701,224	59,613	3.38	.51	1,760,837	1.40
Columbia	26,347	1.64	1,950,099	152,842	7.26	1.30	2,102,941	1.67
Muskogee	25,533	1.58	1,769,991	84,576	4.56	.72	1,854,567	1.47
New Orleans	25,001	1.55	2,269,691	104,809	4.41	.89	2,374,500	1.88
Indianapolis	24,350	1.51	1,031,660	32,818	3.08	.28	1,064,478	.84
Pittsburg	22,353	1.39	821,841	114,875	12.26	.98	936,716	.78
Louisville	20,258	1.26	1,031,529	52,870	4.87	.45	1,084,399	.86
Portland	19,807	1.23	2,990,867	114,978	3.70	.98	3,105,845	2.47
Hartford	18,336	1.14	343,317	45,956	11.80	.39	389,273	.30
Baltimore	17,842	1.11	840,966	180,564	17.67	1.54	1,021,530	.81

Exhibit IV-C

Regional Offices	Students in Training		Overpayments as of December 31, 1974					
	Number as of 11/30/74	% to Total in Training	Regular Overpayments	Special Overpayments	Percent of Special ARS		Total Station ARS	
					To Sta. Tot. ARS	To VA Spec. ARS	Dollars	% to Total
Des Moines	17,037	1.06	$ 507,284	$ 34,408	6.35	.29	$ 541,692	.43
Little Rock	15,220	0.94	936,488	51,082	5.17	.43	987,570	.78
Wichita	14,800	0.92	698,491	15,739	2.20	.13	714,230	.56
San Juan	13,573	0.84	1,863,232	200,980	9.73	1.72	2,064,212	1.64
Jackson	13,121	0.81	930,161	53,828	5.47	.46	983,989	.78
Salt Lake	12,372	0.77	1,047,482	31,037	2.87	.26	1,078,519	.85
Providence	12,341	0.76	331,684	40,587	10.90	.34	372,271	.29
Lincoln	12,029	0.74	543,481	30,311	5.28	.25	573,792	.45
Albuquerque	10,312	0.64	487,842	62,973	11.43	.53	550,815	.43
Huntington	9,701	0.60	504,500	62,565	11.03	.53	567,065	.45
Honolulu	9,674	0.60	490,911	28,915	5.56	.24	519,826	.41
Togus	8,630	0.53	191,713	7,344	3.68	.06	199,057	.15
Fargo	7,759	0.48	297,962	11,470	3.70	.09	309,432	.24
Boise	6,228	0.38	389,045	17,582	4.32	.15	406,627	.32
Reno	5,804	0.36	349,603	37,165	9.60	.31	386,768	.30
Ft. Harrison	5,375	0.33	170,157	17,958	9.54	.15	188,115	.14
Manchester	5,313	0.33	229,465	18,999	7.64	.16	248,464	.19
Sioux Falls	5,276	0.32	124,977	9,648	7.16	.08	134,625	.10
Wilmington	4,644	0.28	251,550	54,656	17.84	.46	306,206	.24
Manila	2,873	0.17	9,322	4,908	34.49	.04	14,230	.01
Juneau	2,489	0.15	233,444	9,811	4.03	.08	243,255	.19
Cheyenne	2,473	0.15	80,102	4,812	5.66	.04	84,914	.06
White River	2,355	0.14	55,072	5,665	9.32	.04	60,737	.04
Unidentified Sta.	--	--	2,827	1,513	24.47	.01	4,340	--
TOTAL	1,605,984	99.73	$113,989,502	$11,679,894		99.71	$125,669,396	99.64

NOTE #1 The percentages were carried to one decimal place which accounts for totals of less than 100%.

NOTE #2 The above was extracted from December 31, 1974 quarterly listing of the Education Accounts Receivable produced at the Hines DPC. When this computer run is processed two January 1975 processing cycles were included. In order to have a true total as of December 31, 1974 the data from these two cycles were not included in the above table.

NOTE #3 The enrollment figures exclude Chapter 31 as receivables for that program are not included in this chart.

Exhibit IV-9
(Continued)

Exhibit IV-P

SAN FRANCISCO REGIONAL OFFICE
211 Main Street
San Francisco, CA 94105

SPECIAL PAYMENT WORK FLOW

STEP		ACTION	ORGANIZATION
1	Routine Payment Processing	Enrollment documents received from school in mail room, delivered to adjudication unit (expect documents without file numbers; which are retained in Admin for BIRLS & other identification action).	231A
2		Documents arranged in Mod by digit, folders pulled by file clerk and placed on tables.	21XX (Module) file clerk
3		Adjudicator picks up work in respective digits and adjudicates award action.	21XX (module) adjudicator
4		Adjudicator determines if action warrants special payment, using DVB circular and division memorandum criteria. If not warranted, routes action documents (scan sheet or 1997) to control clerk and returns folders to files. If warranted, places folder and action documents on table for periodic special payment pickup.	21XX (module) adjudicator
5	Special Payment Processing Steps 5 through 19	Unit supervisor has folders hand-carried to special payment table in Finance.	21XX (module) supervisor
6		Original copies of OCR awards are first removed from each folder to avoid damage during payment processing. They are placed in special input folders to be held for three workdays, then submitted for input action.	24 Admin Asst
7		Folders are distributed to Accounts Receivables clerks by terminal digits with a slip showing deadline for special payment processing. After reviewing propriety of the award (duplicate OCR or Original 1997), and checking for A/R balance, the clerk calculates amount due, (time permitting, division Admin Asst performs this function).	242 A/R clerks

Exhibit IV-P
(Continued)

8	Folders are expeditiously hand-carried to the newly-formed 242 special payment unit, compromised of 700-hour appointees and VBCs on detail.	242 A/R clerks
9	Special payment code sheet (VA Form 8268) are prepared for 06G payments. Notations (amount, period paid, date of action and initials of preparer) are posted to 1997 or duplicate of scan sheet.	Special payment clerk (242)
10	Folders with 8268s attached are hand-carried to A/R unit.	242 Secretary
11	Cursory review of form is made for accuracy and completeness. Where warranted, a more detailed examination is made, time permitting.	24 Admin Asst or 242 A/R supvr
12	Approving signatures and dates are affixed. 8268s are stripped from folders, which are placed on pickup table.	24 Admin Asst or 242 A/R supvr
13	Batched 8268s are hand-carried to Teletype unit and placed in special payment tray.	24 Admin Asst or Secretary
14	Teletype operators, under instructions to give first priority to 06G actions, pick up 8268s, batch in groups of five, time-stamp and log code sheets.	231C Teletype operators
15	Teletype operators cut tape containing 06G data.	231C Teletype operators
16	Tape is transmitted to Hines	231C Teletype operators
17	Hard copy of teletype transmittal is associated with code sheets (8268s) and batched).	231C Teletype operators
18	Teletype transmittals with 8268s are returned to Finance through routine distribution.	231A Distribution clerks

Exhibit IV-P
(Continued)

19	Time permitting, the Chief, Operations Section, reviews and compares code sheets and transmission impressions for accuracy. 8268s then are released for claims folders filing, after being held at least three workdays for possible referral in reject correction.	242 Chief, Operations

VETERANS ADMINISTRATION
INFORMATION SERVICE
211 Main Street
San Francisco, California 94105

Exhibit IV-Q

YOUR FILE REFERENCE:

IN REPLY REFER TO: 06SF
Phone: (415)556-0189

FOR IMMEDIATE RELEASE
No. 51-74

MANY STUDENT-VETERANS MAY NOT RECEIVE CHECKS ON TIME

SAN FRANCISCO, CAL. (Oct. 1, 1974)--Many of the veterans attending college in Northern California may not receive their initial VA education checks for the new fall semester on time, J. E. Mullen, Director of the local VA Regional Office, disclosed today.

The reason for this, Mullen explained, is because many of the schools where veterans are in attendance have not submitted timely enrollment data to the VA. The enrollment data is needed in order to expeditiously process payments.

The VA Director said that, during the summer, extensive informational material was sent to all schools in Northern California and advance publicity was sent to the media so this would not happen, yet many schools have held back on sending in the needed forms. Also, many veterans did not tell school officials of their intention to enroll for the fall semester.

Include Zip Code in your return address and give veteran's social security number.
Show veteran's full name and VA file number on all correspondence. If VA number is unknown, show service number.

Exhibit IV-Q
(Continued)

Mullen added that the VA's system of advance payment of G. I. educational checks was designed to have checks waiting at the schools for the student-veterans prior to the start of classes.

"Payments will continue to be made as promptly as possible and will continue as long as we receive enrollment data for every veteran attending school," Mullen said.

The VA entitlement checks help veterans to defray a portion of their living expenses, tuition, books and school supplies.

# # #

Part V

Collection or Other Disposition of Education Accounts Receivable

1. General

Collections and disposition of overpayments are primarily the responsibility of the Finance and Data Processing Divisions and the recently established Centralized Accounts Receivable System (CARS) at the VA Center, St. Paul, Minnesota. Field stations differ considerably in the extent of the effort to collect on overpayments. Some station's collection activities are more understaffed in numbers and quality of personnel than others based on the priority station management has accorded to the payment of benefits. Workload backlogs are increased when accounts receivable overpayments are not handled promptly and properly resulting in additional correspondence and inquiries which impact the Administrative, Adjudication, and Veterans Services Divisions. The detailing of experienced accounts receivable personnel to the payment of benefits and responding to education assistance inquiries has placed the burden for effecting collections and dispositions of accounts receivable on less experienced personnel, and has resulted in inordinately high number of improperly handled cases.

2. Establishment of Accounts Receivables

Upon notification of a change of trainee status which will affect an education payment, the Adjudication Division of the Regional Office prepares a supplemental award. The supplemental awards are processed via Optical Character Recognition equipment to the Hines DPC. The computer system is geared to discontinue payment on premature terminations and on cases where certifications of enrollment or attendance are not properly received. It also determines the amount of the possible overpayment, and produces letters advising of discontinuance of the award and the amounts of overpayment. It also produces VA Forms 20-6560, Notice of Benefit Payment Transaction, which are sent to the respective regional offices indicating the amount of the accounts receivable established in the system, confirming the establishment of a recurring deduction from current benefits or whether the overpayment has no source of recovery (no running award).

a. Accounts Receivable with a Running Award

The computer generates a letter to the debtor advising that the VA plans to withhold a sufficient amount of payments due to apply against the debt unless undue hardship will result. The debtor is also advised to contact the regional office to make other acceptable repayment arrangements. There is no delay in initiating collection action by offset against current benefits.

b. Accounts Receivable with no Running Award

Upon receipt of notification of overpayments with no source of recovery, the regional offices establish files of VA Form 24-1103, Accounts Receivable Record, in the Operations Section of Finance Service. The Operations Section maintains the Accounts Receivable Record and executes the Claims Collection Policy. Computer generated quarterly listings are also provided the regional office. These listings duplicate the computer records and provide the Regional Office with data on withholdings to be credited, adjustments and the current account balances.

c. VA Form 24-1103 Accounts Receivable Record

All collection activity is recorded on this form. In addition to identifying the debtor, i.e. name, address, file number, SSN number, etc., the establishment of the overpayment, the payee number, deductions code/class, entitlement code and dispatch date of the computer generated letter and the computer cycle and date of the Notice of Benefit Payment Transaction. The VA Form 24-1103 is used as a combination diary and activity record by the Operations Section. Typical entries include:

(1) Dispatch date of the 1st, 2nd, 3rd and other letters generated by the Regional Office.

(2) Dates Credit Reports are requested and received.

(3) Receipt of debtor's inquiries and dates of response.

(4) Credits and accounts balance shown on each Quarterly List of Accounts Receivable.

(5) Actions taken in locating debtors when mail is returned "not at address."

(6) Dispatch of follow-up letters on delinquent payments; promises to pay; promises to re-enroll, etc.

(7) Any other action relating to an accounts receivable, i.e. requests for C-folders, referrals to Adjudication Division, Committee on Waivers; suspense dates, etc.

3. Disposition of Accounts Receivable

Disposition of accounts refers to those actions which result in an actual reduction of accounts on hand and include collections through receipt of cash, payments; withholding from benefits; compromises which are a partial recovery; waivers where there is a lack of fault on the part of the debtor; termination of the debt; and referral of the debt to the General Accounting Office for collection. Accounts can be suspended but continue as A/R's on hand until a disposition action can be taken. The following is a summary of the policy and procedures governing the collection or other disposition of accounts receivable.

a. Collection of Overpayments

The VA policy in the education system is to withhold the full amount of retroactive, current, and future benefits until the overpayment is fully recovered. If the debtor offers some other repayment plan, the amount of withholding may be reduced if the amount of the overpayment can be liquidated during the current period of enrollment. If a debtor is not receiving educational benefits and does not repay the amount in one lump sum (or offer an acceptable repayment plan) within 60 days, the Operations Section employees must issue a second demand letter promptly. If the debtor again fails to pay or offer an acceptable repayment plan, a third demand should be issued within 30 days, and a credit report simultaneously obtained, for debts of $200 or more. If the debtor again fails to pay within 30 days, the collection actions should be suspended, terminated, or referred to GAO in accordance with the applicable standards. Ideally and simply stated each account of $50.00 or more in the active files after 120 days should contain regular monthly payments unless collections have been suspended temporarily for a specific reason. Accounts under $50.00 can be terminated after the second unproductive demand when the cost of further efforts would exceed the amount of recovery.

Circumstances, however, are not always simple or ideal and require actions that will extend the age of accounts beyond the ideal 120-day period. Debtors frequently move and leave no address, deny the debt, allege payment, allege inability to pay, request explanation, request to pay at some future date, and request to pay by installments. Each of these actions could require at least another 30-day grace period to determine the facts, advise the debtor, and demand payment. Many actions to determine the facts require reference to the claims folder which sometimes can cause surprisingly long delays especially when the folder has been temporarily transferred or is otherwise out of file.

When a debtor moves and leaves no address, certain locator actions must be taken. For debts under $50, one FL 20, Postmaster Card should be sent. If unsuccessful, collection efforts can be terminated. For debts from $50 to $150, two locators should be sent. The usual available sources should be explored for debts over $150 including friends, relatives, telephone directories, employers, license records and Internal Revenue Service. Skip-locate reports should be obtained on debts over $300.

Denial of the debt, allegation of payment, and requests for explanation each require that the facts be verified and explained. This sometimes involves corresponding with Treasury to obtain check information, corresponding with schools to determine termination dates, obtaining and inputting certifications of attendance and awaiting computer updates, etc. After the facts are verified and explained, administrative demands should be continued.

If the debtor alleges an inability to pay a debt under $50, collection efforts can be terminated. For debts $50 and more financial data should be obtained from the debtor and a credit report should be obtained for debts of $200 or more. If demands are unproductive after 30 days and standards are met, suspend or terminate collection efforts.

Requests by the debtor to pay at a future date will be acknowledged by letter. If the date is more than 1 year in the future, collection action will be suspended. If payments are not paid within the agreed time, reminders should be sent, financial information should be redeveloped, and if unproductive within 30 days and standards are met, the cases should be suspended or terminated.

Acceptable requests to pay by installments will be confirmed by letter. If no reply is received within 30 days and a debt is under $50, collection efforts should be terminated; if the debt is $50 or more, a reminder followed by a strong demand letter should be sent. If necessary, financial information should be redeveloped. If unproductive within 30 days, terminate collection efforts or refer debts over $200 to GAO. Unacceptable requests to pay by installments should be refused by letter with a statement as to what would be acceptable. If no reply is received within 30 days collection action should be terminated on debts under $50, or suspended or terminated on debts of $50 or more if the standards have been met.

As collections are received by the agent cashier, the field service receipts are routed to the Operations Section. The amounts collected are recorded on VAF's 24-1103 and a new balance is calculated. Periodically, the file is examined to determine if payments are being made as promised. If a payment is not made, a reminder should be sent to the debtor followed by a strong demand. Thirty days after all administrative demands have been made on debts where no repayments were made or the debtor stopped repaying, collection efforts should be suspended, terminated, or referred to GAO.

b. Suspension, Termination and Referral to the General Accounting Office

The Chief of the fiscal activity may suspend collection action on any debt justified by the circumstances. Justification includes:

(1) A request by the debtor for delay.

(2) The debtor cannot make payment but has future prospects that justify periodic review.

Collections therefore can be suspended on debts at the debtors request, or when financial data indicates an inability to pay at present because of too many bills in relation to his income. They may also be suspended based on other information indicating a potential future source of recovery within certain time limits.

The chief of the fiscal activity may terminate collection action on debts not in excess of $20,000 where the criteria has been met. This includes:

(1) A present and prospective inability to collect any substantial amount.

(2) Deceased debtors who left no estate.

(3) Bankrupt debtors.

(4) The debtor cannot be located and there is no evidence to indicate the debt is uncollectible and the amount is $300 or less.

Debts of $200 or more that cannot be suspended or terminated should be referred to GAO for collection within 30 days after the last administrative demand. Normally this will include only debts where financial data indicates an ability for the debtor to pay, unless reasonably current credit or financial data is not available, or the debtor has been uncooperative by refusing to reply to letters or refusing to make repayment arrangements. If the amount of the debt exceeds $300, it should be referred to GAO regardless of evidence of collectibility if we are unable to locate the debtor and all locator sources have been contacted. Certain debts are exempt from referral to GAO.

As part of any termination and referral to GAO action, the Operations Section personnel must review the C-folder to determine whether the debtor is receiving pay or compensation from the VA. If not, the VAF 24-1103 should be so annotated and termination or referral to GAO action taken. If benefits are being received a determination must be made as to whether case meets the requirements outlined in the Claims Collection Policy and if so, action will be initiated to recover the debt through offset.

4. Summary of VA's Collection and Disposition Activities

The VA is disposing of a considerable volume of accounts receivable that are established each year due to education overpayments. The following table represents the total accounts receivable dispositions for the past five fiscal years.

Education Overpayments and Dispositions
Total for Period FY 1970 - 1974
(Source: General Ledger)

	Accts. Rec. Tot. 7/1/70 - 6/30/74	% of Total	% of Dispositions
Accts. Rec. Bal. 7/1/70	$ 7,708,953	1.49	
Plus Debts Established 7/1/70 - 6/30/74	513,116,179	98.51	
Total Accountable	$520,825,132	100.00	
Less:			
Waivers & Compromises	1,820,810	.34	.45
Written off as Uncollectible	15,526,432	2.98	3.92
Collections & Offsets	379,713,895	72.92	95.63
Total Dispositions	$397,061,137	76.24	100.00
AR Balance 6/30/74	$123,763,995	23.76	

Although the VA has disposed of 72.90% of its accounts receivable over the past five years, through collections and offsets, the dispositions are not keeping pace with the establishments and as a result the accounts receivable on hand continue to grow and age. The table in Exhibit V-A shows the steady increase in education overpayments. As of December 31, 1974 the accounts receivable on hand had reached $134,696,479. The accounts written off as uncollectible amounted to $15,526,432 and for the period 7/1/74 to 12/31/74 terminated cases amounted to $2,036,374 and referrals to GAO amounted to $4,611,299. The total amount of write-offs will increase rapidly as the backlog of old cases are worked off and until the VA's collection actions improve.

There are no records of cash collections on overpayments available at C.O. Field stations maintain raw data in the form of field station receipts and complete VAF 24-688A - ADP Transmittal Control - Accounting Transfer of Documents to forward the cash collection data to the CP&E and Loan Guaranty Computer Systems at the Hines DPC. The computer systems at Hines are not programmed to produce reports on this subject. At the request of the study team, field stations furnished the cash collection information for FY 1974. The following table highlights that in FY 1974 the accounts on hand were reduced by 62.45 percent. Offsets from benefits accounted for 51.83 percent and cash collections for 8.23 percent.

Analysis of Education Overpayments FY 1974

(Source: General Ledger & Special Report on Cash Collections)

	Accts. Rec. FY 1974	% of Total	% of Dispositions
AR Bal. Beginning FY1974	$60,579,924	18.37	
Plus: Debts Established	269,027,099	81.63	
Total Accountable	$329,607,023	100.00	
Less Dispositions:			
Waivers & Compromises	907,215	.28	.45
Written off as Uncollectible	7,649,899	2.32	3.72
Offsets	170,135,827	51.62	82,65
Cash Collections	27,150,087	8.23	13.18
Total Dispositions	205,843,028	62.45	100.00
AR Bal. at End of FY 1974	123,76[illegible],995	37.55	

The majority of the dispositions are by offsets from running awards where the debtor is still receiving training or has reenrolled for additional training. There are no data presently available to indicate the amount of offsets from other VA benefits, but our review at the field stations visited indicates little action is taken to pursue this avenue of overpayment recovery.

Regional offices are instructed to review claims folders to determine if debts can be deduced from other beneficiary benefits in accordance with collection policy and procedures. Until the Pilot/Target System is developed the Education and CP&E Systems cannot automatically perform this match. At the request of the Study Team a special computer run was made to match the CARS overpayment accounts on hand with the CP&E records in the Hines DPC. The results of the match were as follows:

Total Education Cases Processed:	37,229
Number of Cases with Active Records:	4,194
Number of Cases with Overpayments still outstanding:	2,284

Of the 2,284 cases, cash payments were being made on 157 cases and offsets from C&P benefits on 153 cases. No payments or offsets were being made on 1,974 cases or 5.3% of the total education cases processed. The St. Paul Center estimated the average overpayment in the CARS System to be $496 per account. Applying this average overpayment to the 1,974 cases on which no recovery arrangements have been made offers approximatly $979,100 which could be recovered through offset from benefits. As of December 31, 1974 there were 312,282 education overpayments on hand from which no offsets from benefits were being made. The average overpayment balance outsbanding for these cases is $390 per case. Based on a match of 5.3% of the education overpayments with no deductions from benefits, the potential recovery of overpayments agency-wide could be as high as 16,550 cases with a dollar value of $6,454,500.

Recommendations

No. 15. A listing of outstanding overpayment cases, with no offsets being made, that match an active running award in the CP&E systems should be developed as soon as possible for each regional office and the CARS System. Upon receipt of these lists field stations should take immediate action to recover the overpayments by offset for those cases on which payments were not being received.

No. 16. The CP&E Systems should be modified to automatically match outstanding overpayment cases and release a message to field stations on those cases which match a running award. When this modification is installed the above listing can be discontinued.

Education Overpayments and Dispositions
5 Year Trend 1970 - 1974
(Source: General Ledger)

	FY1970		FY1971		FY1972		FY1973		FY1974	
	($000)	% of Total	($000)	% of Total	($000)	% of Total	Dollars	% of Total	($000)	% of Total
AR Balance Beginning of FY	$7,709	30.1	$8,406	20.3	$13,972	21.6	$20,155	12.4	$60,580	18.4
Plus: Debts Established	17,907	69.9	32,987	79.7	50,785	78.4	142,411	87.6	269,027	81.6
Total Accountable	$25,616	100.00	$41,393	100.1	$64,757	100.0	$162,566	100.0	$329,607	100.0
Less:										
Waived & Compromised	$ 78	.3	$ 93	.2	$ 199	.3	$ 543	.3	$ 907	.3
Written off as Uncollectible	653	2.6	1,330	3.2	2,572	4.0	3,322	2.0	7,650	2.3
Collections & Offsets	16,478	64.3	25,998	62.8	41,831	64.6	98,121	60.4	197,286	59.9
Total Dispositions	$17,209	67.2	$27,421	66.2	$ 44,602	68.9	$101,986	62.7	$205,843	62.5
AR Balance End of FY	$8,406	32.8	$13,972	33.8	$ 20,155	31.1	$ 60,580	37.3	$123,764	37.5
% Increase of Total Accountability from Previous FY:				61.59		56.44		151.04		116.04
% Increase of AR Balance End of FY from Previous FY:				66.21		44.25		100.57		101.83

Exhibit V.a

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5. Evaluation of Accounts Receivable Operations at the Regional Offices Visited by the Study Team

a. General

At each station a detailed analysis was made as to timeliness and accuracy of their collection and disposition actions. A random selection of VAF 24-1103 Accounts Receivable Record was made and reproduced for the evaluation. At each station thirty C-folders were reviewed with their related VAF 24-1103's. Of the VAF 24-1103's selected and duplicated 1,056 were sufficiently legible to be used and had an outstanding accounts receivable balance of $389,608 or an 0.87% of the total accounts receivable balance of $44,829,000 for the six stations. Since the VAF 24-1103's were selected at random and each card in the file had the same opportunity to be selected, the sample should give a fair representation of each station's status. In addition, station personnel in the Finance and Data Processing, Adjudication, Veterans Services and Administrative Divisions were contacted and their comments secured.

b. Age of Accounts Receivable by Year of Discovery

The Washington DPC assisted the study team by writing special computer programs to extract data from duplicate tape records of the Quarterly Listing of Accounts Receivable secured from the Hines DPC. The following table shows the age of VA's education accounts receivable on hand as of December 31, 1974.

Calendar Year	Cases with Deductions		Cases Referred to ROs		Total on Hand	
	Number	Dollars	Number	Dollars	Cases	Dollars
1966			2	$ 387	2	$ 387
1967	1	$ 9	38	7,340	39	7,349
1968			172	39,538	172	39,538
1969	6	135	353	97,479	359	97,614
1970	14	620	666	186,523	680	187,143
1971	41	2,619	2,370	747,482	2,411	750,101
1972	193	12,859	8,191	2,603,846	8,384	2,616,705
1973	1,783	155,421	58,184	22,340,683	59,967	22,496,104
1974	26,537	3,717,607	230,794	95,758,194	257,331	99,475,801
* 1975	6,587	900,588	13,570	7,036,035	20,157	7,936,623
Total	35,162	$4,789,858	314,340	$128,817,507	349,502	$133,607,365

* The FY 1975 data includes two January 1975 CP&E cycles processed in December 1974.

Analysis

As accounts receivable age they tend to become hardcore debts which are increasingly difficult and expensive to recover. This is particularly true for cases with discovery dates of 1973 and earlier. All regional offices have a total of 69,976 cases with a balance of $26,023,278 that fall into this category. The 1974 cases which are over 6 months old are fast falling into this category.

Some of the cases in regional offices are being reduced by veteran payments that are current and continuing. There is no data available to determine how many of the 69,476 cases have current payments. Our review of 180 cases in the six stations visited revealed that 96 cases started making payments and as of October 1974 40 (22%) cases were still making payments. It also revealed that only 3 of the 96 collections were made from letters sent out over two months past the due date.

Assuming that 25% of the 1973 and earlier cases have continuing payments being made, there remains approximately $19,518,000 of receivables which will have a small chance of being reduced by cash collections. Our review indicated that as a result of the first demand letter (computer generated) 15% of the responses started cash payments, 5% as a result of the second letter and 2% as a result of the third demand letter. Also, approximately three-tenths of one percent of the letters result in payments when released two or more months past the due dates. In all probability most of the $19,518,000 will be terminated or referred to GAO. If regional offices had been timely in their collection actions approximately 30% of the cases to be written off could have been recovered through cash collections.

The length of time to effect a collection or other disposition will vary from station to station depending upon the priority given by station management and the effectiveness of collection actions. The collection procedures and responses from debtors contribute to the extended time it takes to effect collection on an overpayment. For example, after the first collection demand letter is released, and no response is received, the second collection demand letter is not released for 60 days and the third demand letter for 30 days after release of the second demand letter. Responses to these letters range from denying the debt, requesting explanations, requesting waivers and suspensions. Other delays are encountered in locating veterans when letters are returned "Not at Address", securing credit reports, and securing copies of cancelled

8.0

checks from Treasury. Excluding those accounts which are either actively making payments or are having deductions being made from benefits, the primary reason for accounts with discovery dates 1973 and earlier remaining on hand is the low priority collection of accounts given at field stations and the extended delays in executing follow-up actions. Taking into account all of the above delays and problems, with some small exceptions such as suspending an account for a period of time, receivables should have some type of a disposition action within six months or they will fall into the "hardcore" category with little chance of recovery through cash collections.

c. Elapsed Time From a Change in Training Status to Release of the First Demand Letter (Computer Generated)

A review of 330 cases revealed 108 cases, or 32.7%, had an elapsed period from four to twelve months from time of the change of status or interruption of training until the VA released its first collection demand letters. The following table is a breakdown of these cases by IHL and BCL categories.

Elapsed Time (Months)	IHL		BCL	
	Number	Accts. Rec.	Number	Accts. Rec.
0 - One	57	$17,322	35	$12,193
Two	54	25,613	27	10,062
Three	30	12,344	19	7,554
Four	11	6,737	17	3,802
Five	6	2,695	4	1,521
Six	7	5,257	6	3,423
Seven	4	2,096	13	5,543
Eight	1	1,012	9	4,626
Nine	2	2,801	6	5,115
Ten	3	1,893	2	1,118
Eleven	1	2,539	3	1,705
Twelve	2	1,710	4	2,340
Over Twelve	3	2,119	4	4,403
Total	181	$84,138	149	$63,405

Determining the elapsed time from the change in training status until the institution notifies the VA requires a review of the C-folders and even then the information is not always available. An examination of 67 case folders revealed that in 51 cases the elapsed time from interruption of training until the interruption is reported to VA ranged from less than one month to eleven months. Twenty-seven of the fifty-one cases were reported within one month. The following is a breakdown of the elapsed times.

(Note: 16 C-folders did not reveal this information.)

Elapsed Months	Number of Cases BCL	IHL	Total
0 - One	2	25	27
Two	6	3	9
Three	3	2	5
Four	3		3
Five	1	3	4
Nine	2		2
Eleven		1	1
Total	17	34	51

Analysis

After changes in training status and interruptions of training are reported, either by the schools, the students, or by delinquent certifications of attendance, time delays will occur before collection letters can be sent and accounts receivable records established. These time delays partially explain why 108 cases had from 4 to over twelve months delay from the time of change of training status or interruption of training to the date of issuance of the first demand letter (computer generated).

A review of 24 C-folders where the first collection letter was issued more than 120 days after training was interrupted revealed 13 involved delinquent certifications of attendance. For IHL cases, the computer system suspends payment until the facts are determined and award action is taken by the authorization activity. On one case we examined, seventeen months elapsed before this action was consummated. On BCL, the payments are suspended and if no new data is received, the award is automatically terminated after two months.

The periods of overpayment on the 67 case folders examined averaged 2,0 months per case. The average for BCL of 1.7 months was somewhat lower than IHL of 2.4 months perhaps due to monthly certification of attendance requirements as opposed to certification during the last month of enrollment for IHL students. Ten of the 67 cases were overpaid for a period of three months and the longest period of overpayment was 5 months and 10 days.

On 63 cases of interrupted training, the students had received prepayment of benefits for the month in which the award was terminated. The total overpayment on these cases was $35,579.03 and the amount of overpayment related to the month in which payments were suspended was $14,811.69. Approximately 41.6%, therefore, of the overpayment amount is due to the prepayment of monthly benefits.

The longer the delay in notifying the VA of a change in training status the greater the size of the overpayment. Also, in those cases where training is no longer pursued the chances for recovering the overpayments are reduced.

d. Timeliness of Field Station Accounts Receivable Processing

Thirty VAF 24-1103's were selected from each of the six stations visited to track the timeliness of the collection processes and of the response to the collection demand letters. The 180 cases reviewed had a total original accounts receivable on hand balance of $84,174. Seventy-three percent of the cases had discovery dates in calendar year 1973 and earlier and 27% within the first six months of calendar year 1974. The older discovery dates provided cases with sufficient age to reflect the continuity of the collection efforts. On these cases, one hundred-eighty first demand letters (computer generated) were required, one hundred fifty-two second demands and one hundred-fourteen third demands. The following table indicates the number of letters required, those released on time, late or not at all.

Required Letters	1st Ltr.	2nd Ltr.	3rd Ltr.	Total
Released on Time	180	97	33	310
Released Late		44	47	91
Not Made		11	34	45
	180	152	114	446
Letters Not Required				
Action Pending		1	16	17
Current Collections		19	37	56
Withholding		8	13	21
	180	180	180	540

Fifty-six letters were not sent because the accounts were being collected and 21 letters were not needed because deductions were being withheld from benefits. Seventeen letters were not required as of October 1974 pending a reply to action taken within thirty days of our data collection period.

The first demand letter is computer produced and establishes the base date for the preparation of subsequent demand letters by the field stations. The second and third demand letters are prepared in the VA Regional Offices manually, and are not always sent out promptly. The 180 cases in the sample required regional offices to release a minimum of 266 letters. Of the required letters 49% were released timely, 39% released late and 17% were not released at all.

e. Veterans Responses to Demand Letters

The responses of the Veterans to our demands tell an important story. Of the 446 demand letters required, 45 letters were not sent by the regional offices. Of the 401 letters released the debtors failed to respond 210 times and 56 responses contained requests for explanation of the debts, promises to pay or reenroll in school, requests for waiver, etc. These responses require a prompt action by field stations or the contact with the veteran can be lost. The following is a summary of responses by collection demand letter.

	1st Computer Letter	2nd Ltr	3rd Ltr	Total
Letters Required	180	152	114	446
Letters Not Sent		11	34	45
Non-Responses	105	57	48	210
Responses Received	75	84	32	191

Analysis

Ten-percent of the required letters were not sent by the regional offices and on the letters sent, no responses were received to 58% of the first demand letters, 40% of the second demand letters and 60% of the third demand letters released. There were 22 instances or 12% of the 180 cases where the debtor did not respond to any of the three demand letters. In view of the 58% non-response to the first letter, it would indicate that the contents of the letter need improvement and that 60 days delay before the second letter goes out should be reduced to 45 days or preferably 30 days. In the 22 cases where the debtor ignored all three letters the field stations should take prompt action to determine if the debtor has other VA benefits from which the debt can be withheld or complete all the required actions to either terminate the case or refer the case to GAO for collection. The timeliness of the actions taken by field stations are described in the paragraphs which follow.

f. Responses which Reduce Accounts Receivables on Hand

These responses by each of the demand letters are summarized as follows:

First Demand Ltrs.	Cases	Original AR Bal.	Cash & Cancelled Chks.	Offsets	AR Balance
Payments	41	$20,199	$ 9,229 1/		$10,970
Cancelled Checks	4	1,940	908		1,032
Reenrolled	8	4,851		$4,241	610
Waivers	1	670		157	513
Total	54	$27,660	$10,137	$4,398	$13,125

1/ Includes 4 cancelled checks of $1,228 as well as cash payments.

Second Demand Ltrs.					
Payments	45	$18,779	$6,741	$ 176 2/	$11,862
Reenrolled	5	2,316		1,139	1,177
Waivers	1	735		139	596
Adjustments 1/	1	352		27	325
Terminated	1	100		100	-
Total	53	$22,282	$6,741	$1,581	$13,960

1/ Returned Certification Card requiring an adjustment.
2/ Waiver granted.

Third Demand Ltrs.					
Payments	10	$ 5,201	$1,312		$3,889
Deduction from Benefits	3	1,042		$ 315	727
Award will Liquidate	1	442		442	
Sent to GAO	1	674		674	
Total	15	$7,359	$1,312	$1,431	$4,616

In cash collections alone the three demand letters and continuing payments reduced the original A/R balance of $84,174 by $22,662 or 27%. The first letter resulted in the recovery of $13,470 (16%) the second letter $7,880 (9%) and the third letter $1,312 (2%).

Of the ninety-six cases on which payments were started, as of October 1974, forty cases were still current. Should the field stations maintain a timely follow-up on these cases the chances of recovering their A/R balances of $10,005 are good.

Analysis

The following evidence supports the theory that demand letters are effective if timely. Of the ninety-six collections resulting from the letters eighty-five demands were timely and eleven demands were late. The data also points out that the later we are in issuing letters, the lower the likelihood of collecting. The following chart shows that only three collections were made from letters sent out over two months past the due date while ninety-three collections were made on letters issued on time or no more than two months late.

Demands Made	Number Demands	Number Payments
On Time	310	85
0 to 1 Month Late	29	6
1 to 2 Months Late	20	2
2 to 3 Months Late	17	0
3 to 4 Months Late	7	1
4 to 5 Months Late	5	1
5 to 6 Months Late	7	0
6 to 7 Months Late	4	1
Over 7 Months Late	2	0
Total	401	96

g. Other Responses to the Demand Letters

The debtors responded to the demand letters by promising to make payments or reenroll in school, denying the debt or requesting explanations, and requesting waivers, suspensions. Of the total 180 cases reviewed, the other responses were as follows:

6.7% Denied the debt or requested explanations.
13.3% Promised to start payments or reenroll in school.
6.7% Requested waivers, compromise or suspense.
5.0% Demand letters returned "Not at Address".

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The review of the promise to pay response cases again supported the fact that timely release of demand letters bring results. When letters were released properly, debtors started making payments and $2,107 were recovered as of October 1974. Unfortunately, these are the exception. In too many cases responses have either not been made or were made much too late.

Perhaps the failure of debtors to respond is because there are improvements that should be made in the computer generated letters. The prime improvements are: Better explanations should be furnished as to how the overpayment was computed, i.e. the amounts paid (period and rate), the amount that should have been paid (period and rate) and the resulting overpayment. The computer generated education letter merely provides the total overpayment and the date the training was interrupted or discontinued. When an additional overpayment is generated, it is added to the old overpayment balance. The debtor in replying to such a collection letter is confused and argues that he has been asked to pay only the latter amount. In the instance where the beneficiary is still drawing benefits, there are occasions when the overpayment was withheld before a request for relief can be processed. To add to this problem of alienating the debtor, the last paragraph of this letter contained the following..."If this plan will result in undue hardship, you may contact this office to make other acceptable repayment arrangements." A project assignment to eliminate this paragraph is scheduled for installation in April 1975. The problem of advising the debtor of the additional payment only and not mentioning the old debt will still exist.

h. Status of Accounts Receivable

The status of the 180 Accounts Receivable Record thirty days after the third demand should have been dispatched was as follows:

	Number Accounts	Percent
In need of Demands or Reminders	45	25.0
In need of Termination, or referred to GAO	46	25.6
Need to Locate the Debtor	2	1.1
Response Pending but not overdue	28	15.5
Making Regular Payments	40	22.2
Withholding from Benefits	17	9.5
Were Terminated	2	1.1
	180	100.0

The VA had not done all that it should have done on 45 or 25% of the 180 cases examined. In twenty-seven of these cases the debtors stopped paying and we were negligent in following up. On seven cases VA failed to send second demands, third demands or both. On six cases where the debtor disagreed with the amount of the debt, VA failed to follow up with explanations and demand letters. On four cases VA failed to take complete action to locate debtors and on one case we failed to follow up on a Financial Status Report requested of the veteran.

VA collection policy states that if installments are not paid per agreement a reminder followed by a strong demand should be sent. Reminders were sent on 11 of the 27 cases where the debtor did not pay as agreed but none was followed by a strong demand. Where reminders were sent, two were sent within two months, one within 3 months, three within four months, one within 5 months, three within 6 months and one within 8 months.

When a debtor disagrees with a debt, the demand should be repeated with an explanation of the debt. We found seven such cases on which six were explained but no repeated demands were made. Again, inordinate delays in giving the explanation occurred on the part of the VA. On one case the explanation was given in the same month while two were given a month later, two were given two months later and one was not given at all. As many as five months elapsed and as few as two had elapsed on those cases where the explanation was not followed with demands.

On the six cases where VA failed to send second demands, third demands or both, the second demand was dispatched late on four cases and not sent on two. No third demands were made on any of these cases. Two cases had no demands since the discovery date of 10/73 and 5/74 respectively. One had the only demand in 5/74, one in 6/74, and two in 7/74.

On four cases requiring locator actions VA again had been negligent. Two months after locating three debtors, no action had been taken from November through August at which time the second demand was returned address unknown. Another debtor requested a waiver in June of 1974 at which time we sent him a VA Form 4-5655, Financial Status Report. It was not returned and no action had been taken since.

The accounts examined contain other examples of collection actions taken by VA that appear weaker than those recommended in the collection policy. A student whose

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training was interrupted 10/2/72 was overpaid $468.73 and the formal receivable was established in cycle 6 of June 1973. In October of 1973, the debtor promised to pay 30 or 25 dollars per month. He paid 25 dollars in January 1974 and 5 dollars in each subsequent month for total repayments of $60.00 leaving a balance of $408.73. VA policy suggests that repayment in installments should not normally extend more than 3 years or be less than $10 per month. In the case cited above, the repayments will extend over 7 years.

The files we examined show other instances of weak collection actions. A student who terminated training in January 1973 and was paid through April 30, 1973 was overpaid $711.33. In May of 1973, he denied receiving the April check. In June 1973 the C-file was requested. In September 1973 a copy of the cancelled check was requested from Treasury. In June of 1974 the second demand was issued. In July 1974 the debtor returned a financial statement and requested proof of the overpayment which was furnished in August. It was noted that the Veteran only collects $116.00 military pension and 30% compensation. The field station then deferred the case for 90 days and will request a credit report. If proper action was taken, final disposition of this case could have been completed in 1973.

Although the evidence submitted above points to a conclusion that we are not doing everything possible throughout all of VA to maintain overpayments at a minimum, at least one station is. For that station, regular payments were being received on 17 of the thirty accounts examined and some payments had been received on 11 others leaving only one on which promises but no payments were made. The accounts examined showed that all demand letters and reminders were sent out within the prescribed time periods. Requests for explanations, etc., were all handled timely followed by prompt demand letters. Request to defer collection for a later planned reenrollment were greeted with requests for payments until the reenrollment occurs. When the debtors stated they had reenrolled, the C-files were examined to verify the facts.

i. Terminations and Referrals to General Accounting Office (GAO)

Of the 180 accounts examined, 45 accounts with an on-hand accounts receivable balance of $11,738 would have met the standards for terminating or referring collection efforts to GAO, if the regional offices took timely and proper actions. Our review revealed that field station actions are replete with late and ineffective collection actions, as follows.

One station had six such accounts which displayed ineffective collection actions. Four of these six contained lengthy delays in getting the second demand to the debtor such as 3 months, 4 months, 2 months and 5 months. Also in each, the third demand actions were delayed 2 months, 3 months, 7 months, 8 months, 8 months and 10 months later.

Another station had eleven such accounts. On three of these, reminders were sent out 3 months, 4 months, and 3 months after the date of last payment. The required demands were sent out 4 months, 2 months, and 2 months after the reminder. One debtor was informed of waiver denial 2/74 and the next demand was dispatched 8/74 with no action since. Two other cases contained a six-month lag between demands. On another, collection action was deferred 30 days from 7/73 pending receipt of a "cert" card with no action taken since. On three "not at address", the last locator actions were taken 3/74, 3/74, and 6/74. On another case, where we took four months to issue the second demand and four months to issue the third demand, no credit report had been requested, no responses had been received as of 8/74. Two years elapsed while attempting to locate another debtor who had apparently been unemployed for 5 years according to a credit report of 4/73; no action was taken since.

A third station had 4 cases on which the last collection actions were taken 9/73, 3/74, 3/74 and 5/74. One of these debtors is employed but made no responses, another is located but credit is unverifiable. On two others, VA never requested a credit report.

A fourth station had one such case where the debtor promised to pay after the third demand of 5/74, never paid and also was not at previous address. This station was requesting the C-folder apparently developing the case for referral to GAO.

A fifth station had four such accounts with similar patterns of late demands, credit reports, and locator actions.

The sixth station had 19 cases in the active file, all with late demands, slow locator actions and late or no credit reports.

Analysis

The June 30, 1974 ten percent sample of Education Accounts receivable on hand for which collection arrangements have not been made was projected to 100% and compared with the accounts receivable on hand as of June 30, 1974. The results expressed in percentages are as follows:

Cases for which no arrangements have been made:	73.3%
Cases 270 days and less from date of establishment:	58.2%
Cases more than 270 days from date of establishment:	15.1%

If disposition of accounts was handled properly and timely, as a minimum, the 15.1% should have been completed before the expiration of the 270 days. One of the six stations had only one account in this category in the 10% sample. Other stations ranged from 78 cases to 1,100. Other cases over 150 days from date of establishment could also lend themselves to disposition action if handled properly.

The above, plus the results of the review of the 180 cases which indicated 45 cases were susceptible to termination or referral to GAO (of which only two were being prepared for referral to GAO) would indicate a reluctance to take final action when the facts of a case indicates a debt is uncollectible. More properly, either the accounts receivable personnel are too busy to take timely action, or just not sufficiently trained to recognize when a case should be closed by this type of disposition action.

The record indicates of these 45 accounts, C-folders were requested in only 7 instances. Of the 180 cases, C-folders should have been reviewed in 69 cases, the records indicated they were requested in only 30 instances with one station accounting for 17. C-folders are required before any action is taken to terminate or refer to GAO. When a case reaches this state a review of the C-folder should be made to determine if recovery could be made through deductions from other benefits before a final action is taken to close the case.

j. Staffing Accounts Receivable Operations

Accounts Receivable Operations are performed in the Operations Section of the Finance Division of VA Regional Offices. The Operations Section usually employs cashiers and tellers, voucher examiners, payroll clerks, benefit payment roll clerks, accounts receivable analysts, and fiscal accounts clerks (accounts receivable). A second branch of the Finance Division is the Accounting Section. The accountants, voucher examiners, tellers, payroll, and benefit payment clerks generally perform only tasks related to their specialty. The accounts receivable analysts and Fiscal accounts clerks, however, seem to be used as jacks-of-all trades. It is not unusual to hear the fiscal accounts activity (A/R analysts and fiscal accounts clerks) referred to as the receivables and payables activities. In this case, payables means making special payments of benefits to veterans.

As of late, great efforts have been expended to get prompt educational benefit checks to the beneficiaries. This has necessarily been accompanied by a more concerted effort to handle any questions and inquiries of the veteran more expeditiously and more thoroughly. As a result, the number of special payments made and Educational Assistance Inquiries (E.A.I.) received have skyrocketed over the last of FY 1973 and FY 1974, and appears to be following that trend for FY 1975. Staffing was increased to handle the workloads for special pay and E.A.I.'s but apparently the workloads grew faster than productive personnel could be engaged and trained to handle the workloads.

Fiscal accounts personnel, hereafter referred to as Accounts receivable personnel, almost invariably are detailed to special pay and E.A.I. units to provide the training, manpower, and expertise necessary to keep this burgeoning workload under control. The experienced A/R personnel seem to have a background for determining status of awards, error conditions, and ways to expedite corrective actions not possessed by employees in other Regional Office activities. This knowledge was acquired by having to investigate many circumstances involved with awards, overpayments, inputs, outputs, collections, payment information, etc. As the workloads for special pay and E.A.I. grow, more of the experienced A/R manhours are detailed out and sometimes permanently assigned to payments and inquiries. As a result, the better skills and manpower of the accounts receivable operations are being drained off leaving a short-handed staff of the least experienced personnel to face a receivable workload that almost doubled over the last fiscal year.

Considerable overtime has been expended but historical records of how much has been expended for accounts receivable activities was not available in Central Office or field stations, since it is not broken down to this level. The following are comments from each of the stations visited.

One station reported that 50% of its receivable personnel are detailed out during peak periods of special payments and about 10% during non-peak periods. Another 5% is detailed out during peak E.A.I. periods, 1% during November and April to process certificates of attendance, and 5% from January to May to process Tax Exemption Certificates. The accounts receivable records examined for this station showed serious deficiencies in adhering to the collection policy. The hiring of temporary and part-time employees did little or nothing to mitigate the problem and might have compounded it. Employees were unwilling to work overtime in the evenings, justifiably, and the station receivables were beset. The supervisor felt it was just impossible to follow-up on receivables when special pay, etc. were given priority.

At another station, the fiscal accounts staff was increased 11 positions from December 1973 to September 1974. In September, however, 17 of 25 journeyman positions of GS-5 were filled with trainees at the GS-4 level. Twelve of these positions had been filled within 60 days. The records of this station also indicated receivable follow-ups are very delinquent. Thirteen of eighteen employees were of the opinion that receivable staffing was insufficient and three more felt it would be sufficient after more training. Two felt staffing was adequate.

At a third station, nine employees were assigned to accounts receivable operations. Their operating performance reports for FY 1974 indicated that accounts receivable workloads generated about 20,000 standard man-hours, or about 12 man-years. The finance officer estimated 290 manhours were detailed to special payments from December 1973 through September 1974 and that approximately 200 of those were detailed during July and August. Six A/R clerks furnished comments and each indicated the A/R function was insufficiently staffed. Their comments seem to be supported by the condition of the accounts receivable records examined. A number of cases showed no follow-ups for the periods of 6 months or more prior to our visit.

A fourth station has 17 accounts receivable clerks. The standard man-hours produced according to the FY 1974 Operating Performance Report equates to about 23 FTEE. Accounts receivable personnel devoted overtime hours to process special payments during the 4 months preceding this study and the average overtime hours worked equated to slightly more than two full-time employees.

The fifth station has 29 A/R personnel. The Operating Performance Report for FY 1974 shows standard man-hours produced equivalent to about 35 employees for accounts receivable operations. They reported that 7 full-time accounts receivable clerks and analysts were loaned to assist in processing E.A.I.'s during July, August and September; every day, however, 3 or 4 are loaned. Temporary employees proved ineffective as they were unable to perform many work processes. It was felt that in order to remain current in the A/R Unit, 10 additional permanent full-time employees would be needed. The overtime hours worked July, August and September were equivalent to 4.7 employees per month. The accounts receivable records, for this station, that we examined showed that numerous prescribed collection actions were not taken promptly or were not taken at all.

The sixth station in the survey seemed to keep the receivables current even though they too were beset with numerous special payments, E.A.I.'s and a growing number of overpayment receivables. The finance officer praised his Station Director for placing as much emphasis on keeping collections current as he did for keeping payments and E.A.I.'s current. Much of the receivable work, however, was performed during overtime hours. The finance officer had the fear that, with the growing workload, the day might come when his employees would become inundated and unable to fill the bill.

Analysis

The productivity and effectiveness of the Operations Sections of Finance in DVB were good according to Operating Performance Report for Fiscal Year 1974. Since the Accounts Receivable Units, parts of Operations Sections, are not measured as a distinct group, we must assume their productivity and effectiveness both conform to the indices for the sections and are good also. Both the Accounts Receivable Records we examined and the comments of accounts receivable personnel we solicited, however, point to the serious ills in the accounts receivable system that the work measurement program does not bring out, and for which productivity and effectiveness alone are not adequate measures.

Receivables that have been in the files for a year with no record of any collection action having been taken point to weaknesses in quality control. Explanations for this type occurrence are easy to obtain. With overpayments doubling, productivity and effectiveness, as measured on receivables established, was apparently enough to fully utilize the staff. If no other collection actions were taken, productivity and effectiveness could remain good, under these circumstances, but the quality and timeliness controls, however, should tell an opposite story.

Statistics make it apparent that receivables established have increased dramatically. It is almost equally apparent from the receivable records and oral and written comments from personnel that the quality of accounts receivable actions has deteriorated due to a lack of capable manpower. Not so apparent is how long insufficient staffs of untrained personnel will be required to continue to handle the increasing workload.

k. Regional Office Personnel - Comments and Observations

Comments were solicited from regional office personnel in the Adjudication, Veterans Services, Administrative and Finance and Data Processing Divisions. The personnel were informed their comments were voluntary and their submissions did not have to be signed. The following is a summary of the questions and comments submitted.

(1) WHAT IS YOUR OPINION OF THE PRESENT VA POLICY AND PROCEDURES FOR THE COLLECTION OF DEBTS? ARE THEY ADEQUATE OR TOO INVOLVED?

Most agreed that the present policy and procedures for the collection of debts are satisfactory, but are sometimes ignored to deal with matters of higher priority. The breakdown of the comments were as follows: Satisfactory: 30; Too cumbersome: 3; Too lenient: 6; Not businesslike: 2; and Inadequate: 11. Adverse comments for the most part were as follows:

o Primary problem is inadequately trained personnel. Adjudication personnel claim the accounts receivable (A/R) personnel are not maintaining current and accurate records. A/R personnel claim that Adjudication is very slow in responding to requests for information and overlook outstanding overpayment notices in claims folders when processing awards.

- A/R personnel state there is a lack of uniform direction and emphasis due to continual changes in priorities.
- The computer generated letter is weak and does not contain complete information. It offers veterans many opportunities to make partial deduction from benefits, partial payments and to request waivers before the veteran stated his position. Veterans do not understand the overpayment information and call or write for explanations. Veteran Representatives on campus also cannot respond to veteran inquiries from the data contained in the letters and must contact the regional offices for explanations.
- The increased workload and the special payment procedures have created backlogs in all of the divisions concerned with education payments, receivables and inquiries. During peak periods the Administrative Divisions' teletype operations require considerable overtime to meet the backlogs.

(2) WHAT ARE YOUR SUGGESTIONS FOR IMPROVEMENT OF OUR COLLECTION POLICY?

The comments ranged from charge all overpayments against entitlement to forwarding uncollectible cases to the Internal Revenue Service. Twelve responses recommended that collection letters be revised to include better explanations of the debt and stronger demands for repayment. Eight responses believed the Centralized Accounts Receivable System (CARS) is the answer to improving the collection effort. Other suggestions included; Charge entitlement; Charge interest; Less temporary help; Contact employers; Accounts receivable activities should have an equal priority with special payments; Eliminate the need to secure credit reports; Use only one external source of locator action; Supply the debtor with a statement or turnaround card to be returned with his or her payment; and terminate uncollectible debts under $500 and refer uncollectible debts over $500 to GAO.

(3) A CHANGE IN COLLECTION POLICY SUCH AS CHARGE TO ENTITLEMENT WOULD REQUIRE CHANGES IN LEGISLATION. DO YOU HAVE ANY IDEAS OR SUGGESTIONS REGARDING CHANGES?

Opinions were divided, many were for and many against. Some of the comments submitted are as follows.

- (a) Charging overpayments against a veteran's entitlement would put the VA open to the biggest rip-off yet. As soon as the word got around, anyone who is a veteran could get advance pay for one portion of a quarter, pocket it and forget it. This, of course, refers to veterans who do not intend to use their educational benefits. In proven extreme hardship cases, it could be used. (b) It is not fair... other war veterans could not do it and why should the taxpayer have to foot the bill.

- Charge the veterans entitlement by the number of months involved in the generation of his debt. Once this has been done, some type of bar would be placed on his master record and a flash placed in his file to notify the adjudicators in the event the veteran reenrolled in some type of training in the future. The bar would prevent the veteran from receiving any future educational benefits until the overpayment is repaid. Once the overpayment is repaid the bar would be lifted and the entitlement restored. This would eliminate the need for a collection activity.

- A charge against entitlement would seem reasonable. However, the veterans would not be receptive to this and the VA's image would go down again - especially when it became known the VA itself instituted such a change.

- It is a good idea. Usually the debtor has already spent the money that he was overpaid by the time he receives a letter from us about the O/P. A lot of times it is a long process getting the money back from the debtor. It would be easier for the debtor as well as the VA.

- Only as a final resort prior to referral to GAO. This period of collection effort could prevent possible abuse of Veterans taking advantages of advance or pre-pay each quarter without attending school.

(4) WHAT, IN YOUR OPINION, WOULD THE REACTION OF STUDENTS BE IF OVERPAYMENTS WERE CHARGED TO ENTITLEMENT?

The responses were split although most believed students would have a favorable reaction, i.e.,

- If not mandatory, reaction would perhaps be favorable. However, a reasonable effort should be made to offset a collection prior to taking this step.
- Most would approve. Have had requests concerning this. It would not be a hardship for a lot of them and relieve them of a debt they cannot afford to pay.

(5) DO YOU HAVE ANY SUGGESTIONS AS TO HOW WE CAN REDUCE THE OCCURRENCE AND AMOUNTS OF OVERPAYMENTS?

The suggestions were varied and included such ideas as: Pay nine round months for school year; Special pay for only on true hardshop; Pay in arrears; More certifications, teletype input and use of CRTs, etc. A high number of the comments were as follows:

- Discontinue advance pay and so many special payments.
- The increase in overpayments is due mostly because of the new system of paying veterans in advance. Since Vet's started being paid in advance, I have seen the education overpayment over-doubled. A lot of the questions that Vet's keep asking is about the overpayments for the month that they have terminated (like 3-12/3-31). This needs to be explained better in a computing letter. A lot of time is wasted in answering this question over and over. A lot of waivers are also granted because of an overpayment of this type. So many times the Vet actually does not realize that he is overpaid for this period.

- More careful adjudication would reduce the occurrence and probably the amount.
- Under the present system of payment of education allowance, at first of the month of occurrence, could hardly be reduced. Amount can be reduced by prompt processing of notices of reduction or termination and accuracy in award or certification processing to reduce incidence of rejects. C&P retro reductions should not be made when the notice of timeliness of award action is VA's fault.

(6) DO SPECIAL PAYMENTS CREATE PROBLEMS?

In general, the answers were yes and the following reasons were given.

- Doubles case handling in adjudication and input. The volume and priorities are high and accounts receivable employees have not been able to process overpayments in a timely manner.
- Special payments workload has placed a strain on manpower and requires overtime, weekend and holiday work. Teletype backlogs have delayed other input to BIRLS, C&P, etc. The incidence of rejects seem to be higher than on routine processing.
- A lot of time is involved in sorting the 6560's for special payments. Each one has to be stamped for the file room. Most of them do liquidate when the award hits. It is really a waste of time.

(7) DO YOU THINK WE SHOULD START PHASING OUT THESE TYPES OF PAYMENTS? IF NOT NOW WHEN COULD WE?

Responses were a mixture of "yes" and "no" with many feeling that special payments should be minimized to the number of true hardship cases. It was recognized we must be able to make fast payments when required. Examples of comments are:

- Either use the computer or dispose of them. We could phase out special payments immediately.

- As soon as fall term enrollments are fully implemented.
- Only time we need special payments is when they reject.
- Once started, I do not see how it can be phased out.
- No. Considering all known current policies and procedures, we should not consider phasing them out at all; but the goal should probably be to reduce the numbers made.
- Yes. Immediately, if awards can be made to process properly.
- Yes. The same work is done twice. There must be a way that the computer could be programmed to accept these awards without such a delay. I do not think we should start phasing these out now. The programmers need to do more work on this to be sure the system will be adequate before we phase the Special Payments out.

(8) DO YOU HAVE ANY COMMENTS RE THE VET REPS PROGRAM, EITHER PRO OR CON AS TO ASSISISTING IN MORE PROMPT PROCESSING OF DOCUMENTS THEREBY REDUCING THE NEED FOR SPECIAL PAYMENTS AND REDUCING EITHER THE NUMBER OR AMOUNTS OF OVERPAYMENTS?

Many feel the program is beneficial and will be more beneficial after the Veteran Representatives gain more experience and training. Examples of comments are:

- I have not noticed a reduction in the need for special payments or in the number of overpayments. They should be most useful in bridging the gap between the veteran and the VA.
- More qualified persons to work and input awards to do away with rejects.
- No. Most of them know little or nothing about VA, much less overpayments.

- Favorable so far, but needs constant monitoring to assure full manpower utilization.

- The program is good and has provided the veteran with a personal VA contact. The workload has increased as a lot more inquiries are received...most concern how the overpayments were generated and how to pay it back.

- Think the program will be helpful in reducing problems. The effects of the Vet Reps cannot be fully analyzed at this time since the schools are in the midst of fall enrollment.

- As supervisor of the telephone and research units, I have close contact with the Vet Reps. Their calls often make possible the immediate processing for payment. The Vet Reps have access to school records in most cases and since there is a daily contact with each one, it has facilitated the obtaining of information. In the past we have had to call school officials who are: (a) Out today or this week; (b) Comes in after 3:00; (c) Will get the info and call back -- usually a week later, etc.

(9) DO YOU BELIEVE YOU ARE SUFFICIENTLY STAFFED TO PROPERLY CARRY OUT THE COLLECTION PROGRAM?

Most Finance Division personnel indicated they were not sufficiently staffed with trained personnel. This is cited as one of the major problems with their collection efforts. While the volume of work has increased, their staffs did not, but the larger problem was the loss of the more experienced personnel to process special payments and Education Assistance Inquiries (EAI). There is no way we can begin to do an effective job keeping collections current.

Veterans Services Division personnel indicated they were not sufficiently staffed to handle all the telephone calls, congressionals and other correspondence. The Veteran Representative program will no doubt increase the workload as they gain experience and request more assistance.

(10) ARE YOU EXPERIENCING DIFFICULTY IN ANSWERING COMPLAINTS DUE TO DELAYS IN LOCATING FOLDERS?

The vast majority feel delays in locating claims folders have caused difficulties in answering complaints and other correspondence, i.e., 49 indicated delays; 6 indicated no delays; and 2 indicated this was not the main problem. Examples of comments are:

- Shortage of manpower to answer complaints was more of a problem than delays in locating files.
- Locating files on a special basis is time-consuming even where the volume is small.
- Since the Adjudication Division has divided into Units, the files can be located much more quickly. Under the old system, I could hardly get all the files I needed. The new system of using a screen will even be better.

(11) WHAT ARE THE PRIMARY REASONS FOR DELAY IN PAYMENTS?

Late receipt of documents seems to be the leading reason for delay in payments, followed by award rejects and improper adjudication actions. For example:

	No. Responses
Late receipt of documentation and "Certs":	30
Improper Adjudication Actions:	8
Rejects (Award, OCR, TT):	14
Inability to locate C-folders:	6
Workload and Backlogs:	3

A sample of comments by Division are as follows:

Finance and Data Processing Division:

- Awards are not processed correctly on the part of the VA.
- Failure of veterans to certify their attendance timely. Schools not submitting enrollment "Certs" soon enough.

- Lack of communication between Veteran and VA.
- Program difficulties in the Education System and Rejects.
- First letter (computer generated) not sent to Veterans.
- No current address.

Adjudication Division

- BCL Uncertified periods.
- Improper or lack of identification on enrollment.
- Delay in transfer in cases.
- Problems in location of folders in BIRLS.
- Erroneous action by adjudication personnel causes some delay.

Veterans Service Division:

- For some reason the Vet's are not getting the first computer letter. I have seen this in many cases and a lot of cases where the Vet has not even moved. I do not think the computer letter is going out like it should.
- A lot of times it is hard to get a current address for the Veterans.
- No enrollment certification, delinquent Certification of Attendance, C&P cases with no current address and information requested not furnished.
- Usually late enrollment or certification. In cases of IHL, it is sometimes the Veterans fault and sometimes the schools. These have been considerably reduced with the inception of the Vet Rep program. In cases of BCL, the late arrival of Certs is a problem. In many instances, the institutions insist the "Certs" were submitted timely and at many schools,

they retain a zeroxed copy, yet the Certs are not a matter of record at the RO. What becomes of them is still a mystery.

(12) WHAT ACTION HAS BEEN TAKEN TO ELIMINATE OR IMPROVE ON THESE CAUSES?

Several employees said either none or that they do not know. Others have indicated that the Veteran Representative on campus is a most important step to reduce the causes of overpayments. Veteran representatives and other regional office personnel are contacting schools for the purpose of discovering and implementing improvements. Training programs are being pursued along with other attempts to minimize the causes of delay. For example, all personnel at RO who have anything to do with handling incoming mail have been instructed and reinstructed on the importance of certifications, especially the "Cert" cards on BCL. Perhaps the elimination of monthly Certs and going to quarterly will help.

(13) WHAT ADDITIONAL CONTROLS COULD YOU SUGGEST TO IMPROVE THE PERFORMANCE OF YOUR MISSION?

There were suggestions that more frequent certifications should be reestablished and that payment bars should be reinstalled **but** many believed reinstituting some of the rigid controls would create more problems, i.e.,

- More frequent certifications will or would compound our problems. Current procedure of paying around the "bars" will be beneficial insofar as payments of benefits to the vast majority are concerned. A small minority will continue to have overpayments. As long as priority is "pay-pay-pay", overpayments are going to continue and certainly the priority of "pay-pay-pay" should not be altered.

- Would increase EAI's and C&P inquiries.

- Do not favor reinstituting payment bars, now that they have been relaxed. Reaction by Vet population would be unfavorable. Believe quarterly certification at BCL time is sufficient.

A good many comments indicated training is needed along with a more responsive computer system and fewer details of accounts receivable personnel to other tasks.

(14) ANY OTHER COMMENTS ON ACCOUNTS RECEIVABLE AND OVERPAYMENT WORKLOAD PROCEDURES?

o Have sufficient number of employees to keep accounts on current basis.

o Need a training program to teach the correct methods.

o Need more operations specialists, if someone is out, to handle the accounts.

o Another thing that created a lot of false overpayments was the delimiting date extensions. Half of the students were not even in school.

o Automate reject and refund of payments not associated with an overpayment (unassociated).

o Install a "hard-nosed" collection policy.

o No waivers for debtor who terminated training and cashed subsequent checks.

o When BCL Cert card hits computer and no payment is due because of excessive absences, a letter should be sent to payee stating the case. Or as an alternative - a write-out to the RO showing Cert received and number of absences shown.

o Cert cards, except those manually processed, are not available for inspection. It takes three weeks to get a write-out of the master record to tell the story. It is simply unreasonable to tell a veteran he cannot tell for two or three weeks why he did not get paid. Cert cards should be processed to the DPC daily without exception.

o On-line access to master records.

1. Veterans Representatives Comments and Suggestions

At each regional office visited by the Study Team, interviews were arranged with several Veteran Representatives. Since the program had just been initiated, the following comments and observations are based on very limited experience.

- School personnel assigned to veteran activities are new and in smaller colleges part-time. Larger colleges are understaffed and can barely keep up with the paperwork on known situations, let alone keep current on student status.

- Many schools do not have adequate follow-up systems to determine if students are still pursuing their courses of training. They greatly depend on the students and instructors. It is the schools' responsibility for maintaining track of students and Compliance Surveys should be conducted more frequently to ensure schools properly discharge this responsibility. The Veterans Representatives were strong in their opinion that they should not conduct compliance-type activities as it would compromise their relationships with students and school officials.

- Improve VA press releases by emphasizing the importance of students immediately advising the VA, through proper channels, of changes in training status, changes of address, the importance of the computer generated letters on overpayments and the requirement to return checks which were improperly released. Also stressing the fact that the program is "Educational Assistance" not "Subsistence".

- Improve feedback to the Veteran Representatives showing status of account, i.e. more closely identify the periods, rates and computation of the overpayment.

- VA appears to have sufficient controls, the problem is that schools are not keeping up with the students. The April "Cert" Card (IHL Cases) is the only real control for many schools.

- Advance pay procedures worked well. In some schools the advance paycheck is given to the student at time of enrollment so that it can be applied to his tuition costs. In other schools the veteran's word that he will enroll is sufficient and no evidence need be submitted. One problem that had been encountered is checks being sent to the wrong school as a result of incorrect facility codes in the computer system.

- In their opinion, applying overpayments against entitlement would defeat the purposes of the Educational Assistance Program. It would also open the VA to "rip-offs" by people who could enroll over and over without attending a single class until their entitlement is exhausted. Probably students, with the short view, would welcome this change. Serious students would not want their entitlement reduced.

- Working relationships with school officials vary from school to school. In many cases is excellent. In other cases Veteran Representatives were not permitted access to school records except through school personnel. In some rare cases Veteran Representatives were not permitted on the campus. All agreed that the situation is improving and will get better as the schools recognize the service they perform.

Analysis

The comments of the regional office personnel centered on the large and increasing workload; lack of trained personnel and the impact of special payments. There was a strong opinion that special payments should be reduced and applied to true hardship payments. They believed it would be a mistake to reinstate payment bars and more frequent certifications. On the other hand, the recovery of overpayments should be given at least equal attention as is given to special payments. Overpayments will increase because of the relaxed controls and special payment processing. The suggested improvements for the most part did not present new ideas, but should be reviewed to determine if some should be developed further. Common problems were late receipt of documentation, improper adjudication and accounts receivable actions, rejects, and inability to secure claims folders.

Veterans Representatives, although still new at their jobs suggested more compliance surveys, improved VA press releases stressing student responsibilities and better feedback of overpayment information.

Neither the regional office personnel nor Veterans Representatives considered deducting overpayments from entitlement a good idea. Perhaps, as a last resort prior to termination or write-off as an uncollectible receivable, it could be used. However, if the case is eligible for referral to GAO, it should be forwarded since there is a chance recovery of the debt could be effected.

Conclusions

Legislation and VA policy have reduced many of the rigid controls, which have kept overpayments to a minimum, to ensure continuous payments to students until a valid overpayment is established. It must be recognized that the lifting of payment "bars" and reducing the frequency for "Certifications" will cost in terms of increased overpayments, some of which will never be recovered. Compounding this situation is the fact that the VA can do very little in assuring that beneficiaries and institutions will, or even can, promptly notify the VA of changes in training status. The trick is to provide the best service to veterans and to at least recognize the "price" we must pay and do what we can to minimize the "price" through better collection procedures and operations.

The price that the VA is presently paying in terms of overpayments is sizeable. Education accounts receivable increased over four-fold in FY 1973 over FY 1972, and almost doubled in FY 1974 and FY 1973. VA's recovery of overpayments and offsets, although impressive, are not keeping pace with the number of receivables established. As a result the accounts on hand grow and age.

In the past five years (FY 1970 - FY 1974) there has been a total of $520,825,000 overpayments to recover. During the same period $379,714,000 were recovered by collections and offsets, $1,821,000 through waivers and compromises and $15,526,000 written-off as uncollectible. (Note: All totals were rounded to the nearest thousand.) Over the past five years, we have recovered 72.9% of the overpayments through collection and offset.

There is no record of cash collections vs. offsets available over the five-year period. A onetime report requested by the Study Team for FY 1974 revealed that

$27,150,000 was recovered through cash collections and it represented 13.2% of all dispositions for that year. It is our opinion it could have been much larger if timely collection actions were taken in FY 1974. Our review has indicated that timely and accurate collection actions were not the case in many overpayment accounts.

Education accounts receivable on hand as of June 30, 1970 was $8,046,000, as of June 30, 1974 $123,764,000 and as of December 31, 1974 it reached $134,697,000. It is apparent that we are not keeping pace with the increasing number of overpayments.

As accounts receivable age they become "hard-core debts" and are increasingly difficult and expensive to recover. As of December 31, 1974 regional offices had 69,976 cases, with a balance of $26,023,000, and discovery dates in calendar year 1973 and earlier. Assuming 25% of these accounts had current payments being made, there would be $19,518,000 of debts with considerably reduced chances of recovery. In the past five years $15,526,000 were written-off as uncollectible. For the period July 1, 1974 to December 31, 1974 the total written off was $5,149,609 or 38% of the total written off over the past five years. The volume of write-offs will increase rapidly as the backlog of old cases are worked off. The $95,758,000 of accounts receivable, with calendar year 1974 discovery dates, on hand in regional offices, will become "hard-core" cases if aggressive collection actions are not pursued.

The evaluation of the regional office accounts receivable operations disclosed ineffective collection actions. They were replete with long delays between actions and actions that were not taken in accordance with collection policy and procedures. A detailed review of 180 cases (30 in each of the six regional offices reviewed by the Study Team) revealed the following.

- o Regional offices released 49% of their required letters timely, 39% late and 17% of the letters that should have been sent, were not developed and released.

- o In cash collections the three demand letters reduced the accounts receivable by 27%...the first letter 16%, the second letter 9% and the third letter 2%. Of the ninety-six cases on which payments were started, forty cases were still current. Also, of the ninety-six cases only three collections were received from letters sent out over two months past the due dates.

- The status of accounts, thirty days after the date of the third demand letters should have been dispatched, revealed the following.

Need demand letters or follow-up action:	25.0%
Need action to terminate or refer to GAO:	25.6%
Need debtor location action:	1.1%
Response pending but not overdue:	15.5%
Regular payments being made:	22.2%
Withholding from benefits:	9.5%
Cases terminated or referred to GAO:	1.1%

- The VA has not done all that it should to recover overpayments, e.g. failed to send second and third demands; failed to follow-up when debtor stopped making payments, or promised to pay or reenroll in school; failed to follow-up with explanations and demand letters when debtor denied the debt or requested an explanation; locator actions were not followed-up; and of the 180 accounts examined, 45 accounts would have met the standards for termination actions or referral to the GAO if the regional offices had taken proper and timely actions.

- Based on the ten percent sample of education accounts receivable on hand as of June 30, 1974, 73.3% of the cases did not have collection arrangements established. 15.1% were more than 270 days from date of the establishment of the receivables and 58.2% less than 270 days. This again demonstrates the lack of timely collection actions.

- Regional offices are not referring to claims folders in accordance with collection procedures. Of the 180 cases reviewed, 69 claims folders should have been examined to determine current veteran addresses, benefits being received, etc. The records indicate C-folders were requested in only 30 instances with one station accounting for 17 requests.

- Veterans did not respond to 58% of the first demand letters, 40% of the second demand letters and 60% of the third demand letters. In 12% of the cases veterans did not respond to all three demand letters. This indicates a weakness in the demand letters to the point where they are being ignored.

Most of the regional office personnel have stated the collection procedures provide satisfactory guidelines. All of the evidence above points to the conclusion that regional offices were not performing an effective collections operation. The CARS System by automating the release of demand letters and payment follow-up letters should cure the problems of late and non-release of letters.

The productivity and effectiveness of the Operations Sections of Finance in DVB were good according to the Operating Performance Report for FY 1974. The findings of this study point to serious ills in the accounts receivable system that the work measurement and quality control program did not surface. Explanations for this situation are simple... productivity and effectiveness are measured by receivables established; if no other collections action were taken effectiveness would always be good as long as the workload doubles each year. The quality and timeliness controls should have told another story. The operating performance reports should be revised to reflect the true picture of the regional office effectiveness.

The comments of regional office personnel centered on the large and increasing overpayment, workload and their inability to meet the demands of this workload along with the requirements of special payments. It was almost the unanimous opinion that recovery of overpayments should be given the same attention and priority as has been given to special payments, and that special payments should be reduced by applying them to true hardship cases.

The Veterans Representative on campus program had just been initiated and it was too early to judge the full impact of the benefits they offer. It does look like a most promising program which will provide the veteran a personal contact to assist him with his problems. As they gain more experience they should be able to work more independently of regional office personnel and reduce the main objections of inexperience and work creators because of their many questions.

Recommendations

No. 17. Accounts receivable on hand at regional offices should not be transferred to the Centralized Accounts Receivable System (CARS). Regional offices should be directed to concentrate their resources to start recovering the debts through collection or offset or should complete other disposition actions within four or five months.

No. 18. Revise the work measurement standards for processing accounts receivable to more accurately inform management of productivity and effectiveness.

No. 19. Regional offices should conduct refresher training for adjudication and accounts receivable personnel in payment and collection procedures, as appropriate.

No. 20. More frequent compliance surveys for schools and other institutions should be conducted to determine their effectiveness for timely processing of Certifications of Enrollment and reporting of changes of training status.

No. 21. VA press releases should emphasize the veterans' responsibility for prompt reporting of changes of address, changes in training status and the importance of returning unearned check payments. They should stress the fact that delays in reporting could cause an overpayment which the VA is obligated to collect.

No. 22. VA Manual MP-4, Part 1, Chapter 5, Claims Collection Policy should be updated to include the following:

- The Centralized Accounts Receivable (CARS) fiscal instructions for the St. Paul Center and other regional offices.
- Paragraph 5D.06 relating to establishing suspension dates is no longer appropriate in view of the policy changes in paragraphs 5D.01(b) and 5D.04(a).
- Revise Exhibit A "Administrative Debt Procedures Guide" as follows:

  Credit Reports: Page 5-38, Demand Letters, amount $50 or more. The third sentence should be changed to obtain credit report with third letter rather than with second letter as provided in Paragraph 5B.02b, page 5-8.

  Suspension of Collection Action: The guide should be revised to conform with the standards for suspension of cases as outlined in paragraph 5D.01

Part VI

Centralized Accounts Receivable System (CARS)

1. General

Based on the findings and recommendations of the CARS Feasibility Report, October 1974, the following expansion of the CARS System was approved and is being implemented.

Centralize all newly established accounts receivable beginning January 1, 1975 at St. Paul. (The first drop of newly established education accounts receivable was received in St. Paul on 1/16/75 and for Compensation, Pension and Loan Guaranty was received on 1/31/75.)

Field stations will concentrate on processing those accounts receivable that remain until they can begin transferring them to St. Paul. Depending on the availability of additional staffing and computer capacity, this may not be accomplished until FY 1976.

Authorize St. Paul an additional 30 positions immediately to be trained to accomplish the additional workload beginning January 1, 1975.

Request field stations not to fill vacancies as they occur in positions applicable to receivable processing without Field Director approval.

The development of the CARS system included the live operations of a prototype system processing all the accounts receivable for veterans with file numbers in Terminal Digits 00 through 04. (CARS will continue to maintain these accounts as well as the newly established accounts.) This prototype system (CARS Test) was developed with specific restrictions to any significant modifications to any computer programs at the Hines DPC. The limitations of the St. Paul DPC IBM 1401 and 360/20 computer configuration also constrained the amount of sophistication that could be engineered into the CARS System. The Feasibility Study Report clearly recognized these limitations and emphasized their recommendations will require programming efforts in St. Paul and Hines DPCs at a high priority and an eventual updating of the St. Paul DPC computer configuration.

The CARS Feasibility Study report estimated the St. Paul DPC present computer configuration can process the workload for all accounts receivable for terminal digits 00 through 04 plus all newly established accounts receivable for three months (approximately 131,000 cases). After discussions with the Director, St. Paul DPC, members of his staff, Chief, Centralized Accounts Receivable Division (CARD) and a DDM Central Office representative, it was agreed the CARS System could be processed on an every-other-day schedule and every-third-day during peak periods to handle a foreseeable projected workload. Collection demand letters will continue to be produced once a week on weekends. The impact on service will be minor and the St. Paul DPC present configuration can support the CARS workload for a period of time. Although the present 1401 IBM and 360/20 computer systems will be able to accommodate the estimated projected workload, it would not have the capacity for a number of the systems improvements which have been identified as necessary for the CARS System nor any sizeable amount of additional workload, i.e., converting the old cases remaining in regional offices.

2. Conclusions

The decision to convert all newly established accounts receivable to the CARS System offers many benefits. For example:

It eliminates the need for the difficult and time-consuming conversion operations for the existing accounts in regional offices. This will save many manhours both for CARS and regional offices.

The newly established accounts will not be encumbered by problems which have existed for months and in some cases - years on these older accounts.

Computer generation of second and third collection demand letters and the follow-up on delinquent payments will not only save manhours, it will also eliminate the lengthy delays that presently occur in the release of these letters to debtors. It has been clearly demonstrated, during our review, that the timely release of collection letters result in increasing the rate of recovery of overpayments.

The CARD Division having the prime mission for recovering overpayments will not be vulnerable to having their time dissipated by other assignments. Regional office accounts receivable analysts, no longer receiving new accounts, should be able to concentrate on the older cases. If given sufficient priority and close supervision, regional offices should be able to dispose of their accounts receivable, other than those with current and continuing payments, within a four to five-month period.

The thirty additional positions authorized for the St. Paul Center permitted an increase of 22 positions for the Centralized Accounts Receivable Division and 8 positions for the Administrative Division. According to the feasibility study the estimated staffing for CARS ongoing operations, after conversion of all accounts receivables, would be as follows:

Centralized Accounts Receivable Division	171
Administrative Division	75*
Finance and Data Processing Division	20*
St. Paul DPC	39**

*Subject to re-examination

**Subject to upgrading of the computer resources

The decision to only convert newly established accounts receivables should reduce the estimated staffing requirements. The extent of this reduction will have to be determined through experience. As the CARS workload increases, its impact on the present work force should be closely watched and projected, again based on experience, to be sure trained employees are on hand to process the workload both timely and accurately.

There are systems improvements which will reduce the manhours presently required by the CARD Division and still be accommodated by the present St. Paul DPC IBM 1401 and 360/20 computers. Most of them will require modifications to the CP&E systems and should be given sufficient priority so that they can be installed within a reasonable period. Areas of improvement which should be considered are:

a. The CP&E systems should be modified to have the ability to identify accounts transferred to CARS. It is important that the CP&E systems have the ability to make this distinction so that improvements in the CARS and CP&E systems can be developed.

b. Revise the CP&E systems to permit the selection of accounts receivable on a cycle basis rather than the present monthly basis. This modification, in our opinion, is most important and should be given a high priority. The advantages of having current updated records are numerous and will save many manhours in CARS, regional offices and the Hines DPC. It will reduce the number of unassociated remittances, requests for write-outs from Hines, and the need for the CARD Division to contact regional offices. Of great importance is the improvement of the VA image in its relationship with the Veteran. Collection letters generated by CARS and regional offices will be able to be developed from current records and not contain information which may be erroneous due to the lack of current data. It should reduce correspondence from veterans and also reduce the time now required to respond to requests for explanation.

c. Revise the CP&E systems to refer all messages on unassociated remittances or rejects of fiscal transactions to the station contained in the input transactions and not the station in the CP&E master records.

d. Revise the CP&E systems to provide for all accounts receivable transactions processed at Hines and received from other than the CARD Division, St. Paul, Minn. to be extracted from each cycle processing, put into CARS input format and forwarded to the St. Paul DPC for entry into the CARS System. This would keep the Hines and CARS master records in agreement and eliminate the difficult manual monthly reconciliation task and the preparation of input to effect the necessary adjustments.

e. Revise the computer generated collection letter to notify debtors to send all remittances and other communications to the VA Center, St. Paul, Minn. Also, expand the overpayment data in the letter from merely showing the total overpayment amount and discontinuance date to show how the overpayment was computed, i.e., the periods for which the veteran was paid, the rate and total amount. The periods of the overpayment, the rate and total amount. Having all remittances and correspondence forwarded directly to the VAC St. Paul will eliminate the delays and manhours resulting from the present method of having mail forwarded to regional offices and then redirected to the VAC St. Paul. It will eliminate the need for CARS to generate the letter advising the debtor of the transfer of his account to CARS. Including the computation of the overpayment in the letter will be a big step in reducing correspondence requesting explanations of the debt. It should take the mystery out of a lump sum total and be more conducive to recovery of the debt and in reducing the denials of debt.

f. Another improvement in the computer generated letter would be use of pre-printed letters with a tear-off portion at the bottom to be returned with remittances and correspondence. The pre-printed letters with computer generated fill-ins presents a better appearing letter and lessen the chances of it being ignored and thrown away by people who will not read letters totally generated by computers on the assumption it is of no great importance. Our review indicated a no-response rate of 58% to first collection letters generated by the Hines DPC. The tear-off portion should have the complete information necessary for keypunching or keying in the collection input transactions into CARS. It should also have the overpayment computation data. The advantages of this tear-off portion are many.

(1) It should improve the preparation of collections input by having correct and complete collection data available. This will reduce the number of unassociated and unapplied remittances.

(2) The CARD Division does not have the background of overpayments available to them either from the St. Paul DPC computer or write outs from Hines. Consequently to secure data to answer correspondence, or prepare the case for disposition action, they must request the information from the Hines DPC or from a regional office, or in some instances - both. The elapsed time from request of a write out from the CP&E systems to receipt in the CARD Division in St. Paul has averaged two weeks according to CARDS Division personnel. If there is a need to contact a regional office it could extend the elapsed time by many more weeks, especially if the C-folder is not available. The tear-off portion with the computation of the overpayment will eliminate these delays completely and permit the CARDS Division to respond to correspondence in a fraction of the time it now takes. The GAO also requires this data in every case submitted to them for collection.

g. An improvement which will reduce paper handling at regional offices is to modify the CP&E systems to no longer extract VA Forms 20-6560, Notice of Benefit Payment Transactions,which relate to CARS accounts and do not require a regional office action or a requirement to be filed in the claims folder. A review of the VAF 20-6560 procedures would have to be made to identify those forms which meet the above criteria preliminary to developing the specifications for the systems modification.

h. The CP&E systems should be modified to provide tape input in lieu of printed write outs to the St. Paul DPC normally produced from cycle processing. The write-outs are in response to specific CARD Division requests and those automatically generated by Hines for the CARS Accounts. Eliminating the need for printing will permit earlier dispatch of the data to St. Paul and faster and more economical mailing. The St. Paul DPC would do the printing of the write-outs.

i. The CP&E systems should be modified to combine overpayment amounts for the same debtor irrespective of the class code and the debtor notified the new overpayment is in addition to any balance due on his previous overpayment. Under present procedures it is possible for a debtor to have two overpayments, one under the jurisdiction of the regional office and the other under CARS. This will happen when a veteran has incurred two overpayments, each with its own discovery date. For example, a veteran received a special payment on May 29, 1974 which had not been cleared the following month by an award or other document. The payment was converted to an accounts receivable (Class Code 42B) with a discovery date of May 29, 1974. The account was not transferred to CARS since the veteran's file number did not end in terminal digits 00 through 04. In January 1975 the veteran incurred a regular overpayment (Class Code 41B) which was assigned a discovery date of January 6, 1975. The CP&E computer program would consider this overpayment as a newly established account and transfer this account to CARS. The debtor in this instance could receive collection demand letters from two different VA offices, each trying to collect their part of the overpayment...a confusing and undesirable situation. Since the more recent overpayment is in addition to an account which existed prior to January 1975, we believe the combined case should be under the jurisdiction of the regional office.

j. Reducing the time required for securing data from the CP&E systems - the ultimate answer to this problem is the CP&E Inquiry System. If they were available to all regional offices it would save manhours, time, paper, etc. It would be of particular value to the CARD Division which should be considered a prime prospect when the system will be expanded. In the interim we suggest that regional offices, which will have this capability available to them, be permitted to use the CP&E Inquiry System for securing data in replying to correspondence or for other actions on accounts receivable under their jurisdiction.

k. There are many other improvements identified by the CARS feasibility study team, Controller and DDM representatives which, wherever feasible, should be implemented.

The Federal Claims Collection Act of 1966, PL 89-508, and the joint regulations issued by the Department of Justice and the General Accounting Office (4CFR Ch. II) prescribe that demands for payment should be made at 30-day intervals. The CARS computer generated letters should be scheduled to be released at 30-day intervals no later than July 1, 1975. This will permit up to six months for the CARS System to absorb the additional workload of the newly established accounts and for a number of systems improvements to be installed. Time is essential in any collection effort and the shorter collection demand letter interval should improve the recovery of overpayments.

In FY 1974 collection actions on education overpayments resulted in cash payments of $27,150,087 and $7,825,513 for the first quarter of FY 1975. These collections, which are applied to the Readjustments Benefits appropriation 36 x 0137, and the centralization of accounts receivable through the CARS System presents an opportunity to investigate the use of the revolving fund technique to staff and fund the CARS System. This technique, which will be funded from the 36 x 0137 appropriation, would provide the resources to aggressively pursue the recovery of overpayments and also provide a built-in source for costing the CARS operations.

3. Recommendations

No. 23. Continue to process the CARS workload on a daily basis in the existing IBM 1401 and 360/20 computer systems. When the workload starts to exceed the capacity of the computer systems, change the processing cycles to an every-other-day schedule and every-third-day during peak periods. Continue to produce collection demand letters once a week on weekends.

No. 24. As regional office vacancies occur in positions applicable to receivable processing, the positions should be transferred to CARS for as long as there are requirements for these positions.

No. 25. The following CARS and CP&E Systems improvements which should reduce manpower requirements and improve accounts receivable operations, should be given a high priority for development and implementation.

(1) Revise the CP&E systems to provide for the establishment of an indicator to identify accounts receivables transferred to CARS.

(2) Revise the CP&E systems to provide for the selection of accounts receivable on a cycle basis instead of the present monthly basis.

(3) Revise the CP&E systems to refer all messages on unassociated remittances or rejects of fiscal transactions to the station contained in the input transactions and not the station in the CP&E master records.

(4) Revise the Hines DPC computer generated letters to provide for the following.

- Notification to debtors to send all remittances and other communications on CARS accounts to the VA Center, St. Paul, Minn.
- Replace the present overpayment information (discontinuance date and total overpayment amount) with information as to the computation of the overpayment, i.e., the periods for which the veteran was paid, the rates and total amount, the periods of the overpayment, the rates and total amount.
- Replace the present completely generated computer letter with a pre-printed computer fill-in letter and a tear-off portion on the bottom to be returned with remittances or correspondence. The tear-off portion should contain complete information for the key-entry of remittances and the overpayment computation data for the CARD Division information.

(5) Revise the CP&E systems to provide the St. Paul DPC with magnetic tape input for the following which are normally produced from cycle processing.

- o All accounts receivable transactions received from other than the CARD Division, VA Center, St. Paul, Minn. and processed at the Hines DPC.
- o To replace printed write-outs requested by the CARD Division and those automatically generated by the Hines DPC for the CARS accounts.

(6) Revise the CP&E systems to combine overpayment amounts for the same debtor irrespective of class code. The combined case should remain under regional office jurisdiction or CARS as appropriate. The debtor should be notified the new overpayment is in addition to any balance due on his previous overpayment.

(7) Develop identified CARS systems improvements which can be accommodated by the present IBM 1401 and 360/20 computer systems.

No. 26. Review the procedures for the preparation and routing of VA Form 20-6550, Notice of Benefit Payment Transactions to eliminate the forwarding to regional offices of those write-outs which relate to CARS accounts and do not require a regional office action or filing in the claims folder.

No. 27. The CARD Division, VA Center, St. Paul, Minn. should be considered a prime candidate for future expansion of the CP&E Inquiry System. Those regional offices which will have the CP&E Inquiry System available to them should permit accounts receivable personnel access to this facility for securing CP&E data in order to reply to correspondence or for other accounts receivable actions.

No. 28. Revise the CARS System to reduce the interval for releasing all computer generated collection demand letters from 60 days to 30 days. This revision should be implemented no later than July 1, 1975 and earlier, if possible.

No. 29. DVB and the Controller should revise existing CARS workload estimates and manpower requirements on the basis of regional offices disposing of a substantial number of accounts receivable remaining under their jurisdiction within four to five months. DDM should reevaluate St. Paul DPC computer requirements based on the revised workloads and planned systems improvements.

No. 30. Central Office and regional office management should ensure a concerted effort to effect collection and other disposition of the accounts receivable remaining in regional offices within a four to five-month period. After five months the remaining accounts receivable should be primarily those with current and continuing payments and these should be retained until it is determined the CARS System can process the additional workload.

No. 31. CARS workload and manpower requirements must be continuously evaluated and projected on the basis of current experience to insure the CARD, Finance and Data Processing, Administrative Divisions and the St. Paul DPC are staffed with trained personnel to meet the increasing workload on a timely and accurate basis.

No. 32. The Controller in collaboration with DVB investigate the feasibility for funding the CARS System's staffing requirements through the use of the revolving fund technique.

Appendix #1

Summary of New Legislation for Periods 1966 through 1974

1966

General

This section gives digests of public laws administered by the Veterans' Administration, or otherwise of particular interest to the agency which were enacted during the first session of the 89th Congress subsequent to September 1, 1965, and the second session prior to October 12, 1966.

Public Law 89-222, September 30, 1965. -- This act increases the educational assistance allowances payable under the war orphans' educational assistance program and provides the same basis for determination of service connection for individuals serving in the induction period as is applicable to veterans suffering a disability during a period of war.

Public Law 89-311, October 31, 1965. -- This act amends Title 38, United States Code, in the following respects: (1) increases the rates of disability compensation payable to service-connected disabled veterans and the rates of additional compensation payable on behalf of their dependents; (2) liberalizes the definition of "child," for veterans' benefit purposes generally, to include children pursuing a course of instruction at an approved educational institution after attaining age 21 and prior to reaching age 23; (3) increases the rates of additional compensation payable for a child attending an approved educational institution; (4) provides higher rates of disability compensation for certain blinded veterans who also have a serious hearing impairment; (5) removes the 40-year age limitation now governing payment of the $100 per month special pension to Congressional Medal of Honor holders; (6) extends the benefits of the Veterans' Preference Act to persons who suffered injuries or contracted a disease while en route to or from induction into active military service; (7) provides for protection of physicians, dentists, nurses, pharmacists, or paramedicals or other supporting personnel in the Department of Medicine and Surgery if a malpractice suit is brought against them; (8) repeals the limitation on the amount of funds which the Government may grant to a given State for construction of nursing care beds in State homes; (9) liberalizes the formula used to determine the number of beds required to provide adequate nursing home care in a given State; and (10) provides that the 4,000 nursing home beds will be in addition to the 125,000 hospital bed limit, and to authorize the Administrator, subject to the approval of the President, to operate "not less than" 125,000 hospital beds.

Public Law 89-349, November 8, 1965. -- This act makes war orphans' educational assistance available to the children of veterans who died or were permanently and totally disabled from a service-connected disability incurred during peacetime periods after the Spanish-American War and prior to September 16, 1940.

Public Law 89-358, March 3, 1966. -- This act, the Veterans' Readjustment Benefits Act of 1966, provides the following benefits for veterans with the required service after January 31, 1955:

(1) A permanent program of educational assistance on the basis of a month of training in an approved institution for each month of service, up to 36 months. Allowances for full-time training are set at $100 per month for a single veteran, $125 if there is one dependent, and $150 if more than one dependent, with proportionately less for part-time training. These benefits also are made available to individuals still on active duty, but only to the extent of tuition costs, or $100 per month for a full-time course, whichever is less.

(2) Direct and guaranteed home and farm loan benefits similar to those now provided World War II and Korean conflict veterans, with certain modifications, and includes some active-duty military personnel.

(3) Non-service-connected hospitalization.

(4) Wartime presumptions of service connection for compensation purposes.

(5) Flags to drape the caskets of deceased veterans.

(6) Job counseling and job placement assistance.

(7) Preference in Federal employment and retention rights.

(8) Amends the Soldiers' and Sailors' Civil Relief Act to prohibit, except by leave of court, the eviction of servicemen's dependents from rented homes where monthly rental does not exceed $150.

This act also converts war orphans' educational assistance into a permanent program, makes the Administrator's finality of decision applicable to this program, and authorizes the Administrator to prescribe regulations concerning the certifications of enrollments and attendance.

Public Law 89-362, March 7, 1966. -- This act provides that the reduction of benefits immediately upon readmission following discharge against medical advice or as the result of disciplinary action shall apply only where the hospital readmission occurs within 6 months following the prior termination of care.

Public Law 89-466, June 22, 1966. -- This act authorizes payment of dependency and indemnity compensation to a widow with children in an amount equal to any greater amount of death pension which could be payable to the children had the veteran's death occurred under circumstances authorizing payment of pension and if the widow were not entitled thereto.

Public Law 89-508, July 19, 1966. -- Claims and Collection Act of 1966 places full authority and responsibility for the collection of debts up to $20,000 on Departments and Agencies of the U. S.

Public Law 89-612, September 30, 1966. -- This act extends and enlarges the existing program of hospital and medical care for Commonwealth of the Philippines Army veterans for service-connected disorders.

Public Law 89-613, September 30, 1966. -- This act extends to children of veterans of the Philippine Commonwealth Army and "New" Philippine Scouts who died or have become permanently and totally disabled, by reason of their service, the benefits under the War Orphans' Educational Assistance program. Payments of benefits will be in Philippine pesos equivalent to 50 cents for each dollar of allowance authorized.

1967

General

Digests of public laws administered by the Veterans Administration, or otherwise of particular interest to the agency which were enacted during the second session of the 89th Congress subsequent to October 12, 1966, and the first session of the 90th Congress prior to November 4, 1967 follow:

Public Law 89-730, November 2, 1966. -- This act increases the monthly rates of dependency and indemnity compensation payments to parents and children; liberalizes the income limitations and income exclusionsgoverning dependency and indemnity compensation for parents; precludes reduction of dependency and indemnity compensation payments in some cases wherein a sole surviving parent remarries; delays to end of calendar year reduction or discontinuance of dependency and indemnity compensation payments to parents caused by increase in retirement benefits; and eliminates certain offset and waiver provisions currently applicable to the death gratuity provided by section 3 of Public Law 89-214.

Public Law 90-77, August 31, 1967. -- The principal provisions of this act are set forth under the subject areas indicated below:

(1) Pension: This act provides cost-of-living pension-rate increases averaging 5.4 percent and other liberalizations, for a total cost of about $107 million the first year (including approximately $5 million for a liberalization in the medical area for certain pensioners).

(2) Housing benefits: The final terminal date for use of WW II veterans' loan entitlement was extended from July 25, 1967, to July 25, 1970, and the maximum amount of VA direct home loans where the Administrator finds the cost levels would require was increased from $17,500 to $25,000.

(3) Vietnam era, beginning August 5, 1964:

  a. Entitlement to disability compensation at wartime rates under all circumstances;

  b. Disability pension for veterans and death pension for widows and children under the same criteria as are now in effect for war veterans;

  c. Eligibility for burial allowance of $250;

  d. Entitlement to certain minor medical care benefits;

  e. Extends the program of monetary assistance toward the purchase of an automobile for certain veterans where disability was incurred after January 31, 1955, and extends eligibility for certain prescription drugs to veterans of the Vietnam era.

(4) Educational benefits: The act increases educational assistance allowance for pursuit of a full-time course to $130, $155, and $175 per month, plus the additional amount of $10 for each dependent in excess of two, with proportionate increases for less than full-time training.

Permits the educationally disadvantaged to receive, without charge to basic entitlement, educational allowance while finishing high school required before entering a course of higher education. It deletes those sections of the prior law which prohibited enrollment of a veteran-student in on-the-farm, on-the-job, and flight training, and adds certain requirements and restrictive provisions.

1968

General

Digests of public laws administered by the Veterans Administration, or otherwise of particular interest to the agency, which were enacted during the first session of the 90th Congress subsequent to November 4, 1967, and the second session of the 90th Congress follow:

Public Law 90-275, March 28, 1968. -- This act provides liberalization of pensions, and of dependency and indemnity compensation to parents, as follows: (1) Expands the three-level annual income limitations and monthly rates for pension under the current program to 18 limitations and rates for veterans and widows without dependents, and to 28 and 27 limitations and rates, respectively, for veterans and widows with dependents. The maximum pension rates are increased, and the expansion results in increased payments for some pensioners receiving less than a maximum rate. The maximum income limitations are increased by $200 -- from $1,800 and $3,000 to $2,000 and $3,200, respectively. (2) Expands the five-level annual income limitations and monthly rates for dependency and indemnity compensation for parents to 13 and 23 limitations and rates depending on status. This will result in increased payments to some parents receiving less than a maximum rate. The maximum income limitations are increased by $200 -- from $1,800 and $3,000 to $2,000 and $3,200, respectively. (3) Increases the annual income limitations for payment of pension under the prior pension law, in effect on June 30, 1960, by $200 -- from $1,400 and $2,700 to $1,600 and $2,900, respectively. (4) Will assure that no pensioner under the current law and no parent receiving dependency and indemnity compensation will have his benefit reduced during 1968 and 1969 solely as a result of an increase under the Social Security amendments of 1967. Any such required reduction would be effectuated by partial successive reductions annually thereafter. (5) Expands to all income changes and to corpus-of-estate changes the more liberal end-of-the-year reduction or discontinuance-of-benefits rule currently applicable only to cases of increases in retirement income.

Public Law 90-493, August 19, 1968. -- This act amends Title 38, United States Code, in the following respects: (1) It increases, effective January 1, 1969, the monthly rates of service-connected disability compensation payable (a) for total disability (as well as higher statutory rates) by $100; (b) for disability rated from 10 percent to 90 percent disabling by 8 percent; and (c) for those receiving additional compensation because of need of regular aid and attendance by $50. (2) It extends to veterans receiving additional compensation under 38 U.S.C. 314 (1) (p) invalid lifts, any type of therapeutic or rehabilitative devices, and other medical equipment and supplies (excluding medicines) when medically indicated for any disability. (3) The act repeals the provisions of law providing minimum disability ratings and a minimum rate of compensation for veterans whose service-connected tuberculous disease has become completely arrested, but with a provision protecting any veteran receiving or entitled to receive compensation under the repealed provisions on the date of enactment. (4) The act prescribes statutory criteria for waiver, by the Administrator of Veterans Affairs, of unrecovered overpayments which have been established against certain veterans in connection with the institutional on-farm training program conducted by the Tangipahoa Parish School Board, Amite, La., under former chapter 33, Title 38, United States Code.

Public Law 90-631, October 23, 1968. -- This act provides a maximum of 48 months of educational assistance entitlement under two or more educational programs.

Grants an eligible veteran under chapter 34 of Title 38 entitlement to educational assistance for a period of 1½ months for each month of military service or fraction thereof. Also provides 36 months of education assistance entitlement to a veteran who has completed 18 or more months of active duty service after January 31, 1955, and has been released under conditions that would satisfy his active duty obligation.

Extends the provisions of the war orphans' education program to the widow of any person who died of a service-connected disability or the wife of a person who has a total disability in nature.

Provides that any veteran who is pursuing a program of education exclusively by correspondence is to be charged 1 month of eligibility entitlement for each $130 which is paid to the veteran as an educational assistance allowance.

Provides for farm training on a three-quarter-and a half-time basis rather than only on a full-time basis as currently provided; and permits prescheduling the required institutional courses to fall within 44 weeks of the year.

Provides an allowance for administrative costs to State approval agencies.

Authorizes the payment of the educations assistance allowance to eligible veterans pursuing flight training on a monthly basis rather than quarterly as under current law.

1969

General

Digests of public laws administered by the Veterans Administration which were enacted during the second session of the 90th Congress and the first session of the 91st Congress follow:

Public Law 90-493, August 19, 1968. -- This act amends Title 38, United States Code, in the following respects: (1) It increases, effective January 1, 1969, the monthly rates of service-connected disability compensation payable (a) for total disability (as well as higher statutory rates) by $100; (b) for disability rated from 10 percent to 90 percent disabling by 8 percent; and (c) for those receiving additional compensation because of need of regular aid and attendance by $50. (2) It extends to veterans receiving additional compensation under 38 U.S.C. 314 (l) (p) invalid lifts, any type of therapeutic or rehabilitative devices, and other medical equipment and supplies (excluding medicines) when medically indicated for any disability. (3) The act repeals the provisions of law providing minimum disability ratings and a minimum rate of compensation for veterans whose service-connected tuberculous disease has become completely arrested, but with a provision protecting any veteran receiving or entitled to receive compensation under the repealed provisions on the date of enactment. (4) The act prescribes statutory criteria for waiver, by the Administrator of Veterans Affairs, of unrecovered overpayments which have been established against certain veterans in connection with the institutional on-farm training program conducted by the Tangipahoa Parish School Board, Amite, La., under former chapter 33, Title 38, United States Code.

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Provides that any veteran who is pursuing a program of education exclusively by correspondence is to be charged 1 month of eligibility entitlement for each $130 which is paid to the veteran as an educational assistance allowance.

Provides for farm training on a three-quarter-and a half-time basis rather than only on a full-time basis as currently provided; and permits prescheduling the required institutional courses to fall within 44 weeks of the year.

Provides an allowance for administrative costs to State approval agencies.

Authorizes the payment of the educations assistance allowance to eligible veterans pursuing flight training on a monthly basis rather than quarterly as under current law.

Public Law 91-22 -- Extends the eligibility for grants for specially adapted housing to a new group of disabled veterans. It also increases the amount of the paraplegic housing grant from $10,000 to $12,500. Other sections of the act increase the maximum amount of a direct loan from $17,500 to $21,000 and relax the first lien requirements for guaranteed home loans to permit guaranty of homes for veterans where basic financing requires first lien security for monthly charges to home purchases in "new town" developments.

1970

Digests of public laws administered by the Veterans Administration which are of particular interest to the conduct of the Accounts Receivable Study, enacted during fiscal year 1970, follow:

Public Law 91-219, Effective March 26, 1970. -- This Act increased substantially the benefit rates for veterans and servicemen pursuing a program of education as well as for wives, widows and children in programs of education. These benefit rates were increased by approximately 34.6 percent. The law also provided new programs of special assistance for educationally disadvantaged veterans. The purposes of this provision are to encourage and assist veterans who have academic deficiencies to attain a high school education and to qualify for and pursue courses of higher education and to assist eligible veterans to pursue post-secondary education through tutorial assistance where required. Another section of the law establishes a new program known as Predischarge Education Program (PREP). The purpose of this program is to encourage and assist servicemen in preparing for their future edication, training, or vocation by providing them with the opportunity to enroll in and pursue a program of education or training prior to their discharge or release from active duty.

Public Law 91-96, Approved October 1969. -- This Act establishes a new concept for payment of dependency and indemnity compensation to widows of servicemen and veterans whose deaths were service related. In lieu of the existing formula of $120 per month plus 12 percent of the basic pay of the deceased veteran, a specified dollar rate is now used based on the grade of the veteran. The amount ranges from $167 to $426 monthly. The Act also allows additional amounts for minor children and for widows who are patients in a nursing home or in need of regular aid and attendance.

Public Law 91-262. This Act permits the recognition of an adopted child of a veteran as a dependent from the date of the interlocutory decree and authorizes benefits for the child, if otherwise eligible. It also increases by 10 percent the monthly payments to children where there is no widow entitled to receive dependency and indemnity compensation, and to certain children age 18 and over.

1971

General

Digests of public laws administered by the Veterans Administration which are of particular interest to the conduct of the Accounts Receivable Study, enacted during fiscal year 1971, follow:

Public Law 91-376 Effective March 26, 1970. -- This Act increases the rates of compensation payable to veterans, whose disabilities are rated at 10 to 40 percent disabling, by approximately 8 percent; 50 to 90 percent disabling, by approximately 10 percent; and for the totally disabled and those entitled to special rates greater than 100 percent, by approximately 12 percent. The Act also increases, by approximately

11 percent, the additional compensation for veterans with dependents. These increases became effective July 1, 1970. It is further provided that a veteran held as a prisoner of war for six months or more during World War II, the Korean conflict, or the Vietnam era, and who suffered from dietary deficiencies, forced labor, or inhumane treatment (prisoners of war of Japan, Germany, North Korea, North Vietnam or the Vietcong are presumed to have suffered from these conditions) is entitled to a presumption of service connection for certain diseases and an extension of the presumption for service-connected psychosis to two years. The Act also removes the bar to benefits in the case of a remarried widow upon termination of the remarriage by death or divorce; and removes similar bars, past and present, based on marital or adulterous conduct of a widow, where such conduct has been terminated, effective January 1, 1971. The Act restates the statutory provisions excluding from judicial review determinations with respect to benefits of a non-contractual nature provided for veterans and their dependents and survivors, so as to clarify the law that on and after October 17, 1940, no official or any court of the United States shall have power or jurisdiction to review any such decision by an action in the nature of mandamus or otherwise. Finally, the Act prohibits the payment of dependency and indemnity compensation, death compensation, or death pension which, because of widow's relationship with another man before enactment of Public Law 87-864 (September 19, 1962), would not have been payable by the Veterans Administration under the standard for dtermining remarriage applied by the Agency before that enactment.

Public Law 91-506. This Act restores the unused loan guaranty and direct loan entitlement, without time limitation, for World War II and Korean conflict veterans, by removing the basic phase-out criteria and cut-off dates; and makes similar changes for veterans who served after January·31, 1955. It also authorizes the Administrator to guarantee or make direct loans for purchase of mobile homes for veterans. The amount of the loan guarantee for the mobile home may not exceed $10,000, but may extend to a maximum of $17,500 where a mobile home and developed lot are being purchased. The Act authorizes the Administrator to establish a maximum rate of interest for loans; and requires the manufacturer to become a warrantor of any new mobile home, and to furnish the veteran with a written warranty stating specifically that the home meets the standards for planning, construction, and general acceptability, as prescribed by the Administrator. The Act restores entitlement used for a mobile home upon repayment of the loan in full. The program terminates July 1, 1975. Also, the Act authorizes the Administrator to guarantee loans on condominium one-family residential units after the Secretary of the Department of Housing and Urban Development has issued evidence of insurance on at least one loan in a particular development; permits a veteran to use his loan guaranty entitlement to refinance an existing mortgage on his home, and to pay the lender any discount required in connection with such refinancing; extends eligibility for direct loans to certain seriously disabled veterans who are eligible for specially adapted housing, without regard to the housing credit shortage area restriction; and authorizes payment, under the specially adapted housing program, of the total cost of remodeling a dwelling acquired by a veteran prior to application for assistance and which did not meet the requirements of his disability.

Public Law 91-584. This Act provides educational benefits under the war orphans assistance program for wives and children of members of the Armed Forces who are missing in action or prisoners of war for more than 90 days. Also extends to wives of such members the GI home loan benefits. It redefines the term "established charge" for the purpose of computing the educational allowance for a veteran pursuing a correspondence course by using as a basis the lowest extended time payment plan offered by the institution and approved by the State approving agency, or the actual cost to the veteran, whichever is the lesser, excludes apprenticeship or on-job training programs from the absence-counting provisions for courses not leading to a college degree. Provides that the subsistence allowance be prorated in the proportion that the hours of training completed bear to 120 hours; provides that the number of hours of the standard workweek of a training establishment will constitute a full-time program of apprenticeship or on-job training; provides that a serviceman who has served at least 180 days (formerly two years) in an active duty status may use his GI bill entitlement for post-secondary education and training, and for a home loan under the direct or guaranteed home loan programs; provides that any educational course required by the Small

Business Administration as a condition for obtaining financial assistance, under the provisions of the Economic Opportunity Act of 1964, is covered under an approved "program of education" for veterans; establishes a minimum of 12 semester hours for undergraduate college courses needed to qualify for a full-time educational assistance allowance for veterans, war orphans and widows; permits any number of non-credit courses to be counted toward full and part-time minimum requirements when such courses are required to be taken to correct an educational deficiency; and provides that the effective date of the award of any benefit or increase therein by reason of marriage, or birth or adoption of a child, shall be the date of such event if proof of such event is received by the Veterans Administration within one year from the date of the marriage, birth, or adoption.

Public Law 91-588. This Act increases the monthly benefit rates and the annual income limitations applicable to payment of non-service-connected disability and death pensions to wartime veterans and their widows under the current program, and in payment of service-connected dependency and indemnity compensation to parents of deceased veterans. Also increases income limitations applicable under the prior pension law in effect on June 30, 1960. It increases by 10 percent the additional monthly allowances payable to veterans and widows who are receiving pension, dependency and indemnity compensation, or death compensation based on the need of regular aid and attendance; also increases the "housebound" allowance for certain veterans receiving pension. It authorizes the Administrator to continue furnishing drugs and medicines to a veteran in need of regular aid and attendance, whose pension payments have been discontinued because his annual income is greater than the applicable maximum income limitation, but only so long as his annual income does not exceed such maximum limitation by more than $500. It removes the statutory requirement for annual reports of income and net worth when a person at least 72 years of age has been paid pension for two consecutive calendar years, but retains authority of the Administrator to require reports when income or net worth increases. A similar provision applies to annual income reports from parents receiving dependency and indemnity compensation.

It adds five exclusions from income to those now permitted in computing annual income for pension purposes. They are -

(1) servicemen's group life insurance payments,

(2) amounts equal to prepayments in certain death cases on indebtedness secured by a mortgage on residence.

(3) amounts in a joint bank account acquired by reason of death or other joint owner,

(4) payments received by a retired employee from his former employer as reimbursement for monthly premiums for supplementary medical insurance benefits for the aged under the social security program, and

(5) proceeds from retired serviceman's family protection plan provided in 10 U.S.C. chapter 73.

It provides exclusion from income, for dependency and indemnity compensation purposes, or proceeds from retired servicemen's family protection plan and of pension under law in existence on June 30, 1960.

1972

General

A digest of the public laws, enacted during FY 1972, which are administered by the VA or otherwise of particular interest to the Agency are outlined below:

Public Law 92-66. Authorizes the Administrator to sell direct loans at prices he determines to be reasonable under prevailing mortgage market conditions.

Public Law 92-169. Provides that the widow of any serviceman promoted while "missing" shall receive dependency and indemnity compensation at the prescribed rate for that grade even though his death is later determined to have occurred prior to his promotion.

Public Law 92-197. Provides cost-of-living increases in the dependency and indemnity compensation benefits payable to the widows and children of servicemen and veterans whose death was service-related.

Also provides formulas (in lieu of tables) for payment of dependency and indemnity compensation benefits to eligible parents. The formulas specify a maximum monthly rate for each group within designated income levels. Each individual's monthly benefit rate is to be computed by reducing the maximum rate by a specified number of cents for each dollar by which the minimum income limitation for that group is exceeded. Further, the formulas provide for increases in the monthly benefit rates and annual income limitations applicable to payment of dependency and indemnity compensation to parents.

Grants an additional monthly benefit of $55 to parents, or dependency and indemnity compensation or death compensation rolls, in need of regular aid and attendance; and increases to $55 the additional dependency and indemnity compensation allowance to a child who has become permanently incapable of self-support before age 18.

Removes the bar against payment of dependency and indemnity compensation to survivors of veterans who died while premiums on U.S. Government Life Insurance or National Service Life Insurance were under in-service waiver.

Public Law 92-198. Establishes formulas (in lieu of tables) for payment of disability and death pension to eligible veterans and widows. The formulas specify a maximum monthly rate for each group within designated income categories, and each individual's monthly rate is to be computed by reducing the maximum rate by a specified number of cents for each dollar by which the minimum income limitation for the group is exceeded. Further, the formulas provide increases in the monthly benefit rates and annual income limitations applicable to payment of disability and death pension.

Increases become limitations applicable under the prior pension law in effect on June 30, 1960.

Increases rates payable to widows for children in excess of one, and to eligible children receiving non-service-connected death benefits.

Excludes from income the amounts paid by a veteran, widow, or child for unusual medical expenses.

Defers until the end of the calendar year any reduction in compensation, dependency and indemnity compensation, or pension, required by reason of the loss of a dependent by a payee.

Liberalizes the present requirement of 90 days that a veteran must have served in Mexico on the borders thereof, or in the waters adjacent thereto, in order to receive a non-service-connected pension. The amendment requires merely that some portion of the 90 days service during the designated period be in the specified geographical areas.

Public Law 92-318. Amends and extends the Higher Education Act of 1965 and other acts dealing with higher education. Among other things, provides the following:

Extends the student assistance programs authorized under title IV of the Higher Education Act of 1965. Provides for awarding Educational Opportunity Grant to a student of exceptional need who, but for the grant, would be unable to pursue a course of study at the institution. Furnishes basic criteria to be followed in determining students' financial needs. The expected family contribution would include any amount paid under the Social Security Act to, or on account of, the student, and one-half of any amount paid to the student under the veterans' or war orphans' educational assistance programs.

Extends the College Work-Study and Cooperative Education programs for 4 years.

Establishes a Work-Study for Community Service Learning program designed to provide part-time employment in community service for needy students attending institutions on at least a half-time basis. Eligibility is to be determined by the institution under existing work-study criteria, but a preference in selecting students for participation is to be given to veterans who served in the Armed Forces in Indochina or Korea after August 5, 1964. The act requires a special effort to relate the projects performed by students to their general academic program and to a comprehensive program for college student services to the community.

Amends the student loan provisions under the National Defense Education Act. Provides that in determining eligibility for a loan, an institution shall not take into account the income and assets of the veteran's parents. Provides for cancellation of a loan made after June 30, 1972, for a member of the Armed Forces for service that qualifies for special pay in an area of hostilities. The cancellation is not to exceed 50 percent of the loan and is at the rate of 12-1/2 percentum (plus accrued interest) of the total amount of the loan for each year of qualifying service.

Provides for a study commission to examine the crisis in post-secondary education financing and to consider alternative methods of financing with special attention to the potential governmental and private participation in such programs, including existing student assistance programs administered by the VA.

Entitles an institution of higher education to a $300 "cost-of-instruction" grant during each fiscal year from July 1, 1972 to June 30, 1975, for each undergraduate veteran who is receiving assistance under the veterans' educational assistance or vocational rehabilitation programs, or $450 if the veteran is a high school drop-out. Payments are to be made to an institution provided its student-veteran enrollment is increased by at least 10 percent the first year, and are to continue each succeding academic year that the new level of increased veteran enrollment is maintained.

In addition, the institution would have to make adequate effort to: (1) establish and maintain full-time office of Veterans Affairs, with responsibility for veterans outreach, recruitment, and special educational programs and counseling; (2) establish a program for post-secondary education for educationally disadvantaged veterans, and, in the case of any institution located near a military installation, establish a PREP program; (3) carry out active outreach, recruiting and counseling activities with funds available under federally aided work-study programs; and (4) maintain an active tutorial program. Institutions with less than 2,500 students in attendance with alone cannot feasibly carry out any or all of the programs set forth, may carry out such program through a consortium agreement with one or more other institutions to the extent appropriate in terms of the number of veterans in attendance at the institution.

Public Law 92-328. Provides an increase of approximately 10 percent in veterans' service-connected disability compensation rates and dependency allowances.

Authorizes a clothing allowance of $150 per year to each veteran who, because of a compensable disability, wears or uses a prosthetic appliance which tends to wear out or tear his clothing.

Authorizes an equalization of the rates of disability compensation payable to each veteran with a service-connected disability incurred during either peacetime or wartime, effective July 1, 1972.

Eliminates the provisions of law requiring reduction of service-connected disability compensation or retirement pay for veterans with no dependents who are being furnished hospital treatment institutional care, or domiciliary care by the VA.

Authorizes widows of Spanish-American War veterans to make an irrevocable election to receive a pension at the rates prescribed for widows of later wars, under conditions (except service requirements) applicable to pensions paid widows of veterans of World War I. In the case of such a widow who is in need of regular aid and attendance, payment of the greater pension is automatic, without action on the widow's part.

Permits the Administrator to extend relief to veterans, their dependents and other innocent third persons, from the consequences of an administrative error by the VA where loss is suffered by reason of reliance upon an erroneous determination of benefit eligibility or entitlement. The Administrator shall submit an annual report to Congress on the disposition of each case recommended to him for equitable relief.

Prohibits the recovery of payments or overpayments of any benefits administered by the VA whenever the Administrator determines that recovery would be against equity and good conscience. Permits waiver of payment of an indebtedness to the VA by a veteran or his spouse, following the default and loss of his property, which was guaranteed, insured or made by the VA, where the Administrator determines that the collection of such indebtedness would be against equity and good conscience.

Permits the Administrator to release a veteran borrower from liability because of a default on a VA guaranteed, insured, or direct loan if the veteran conveyed the title to the residential property securing such loan without obtaining a release of liability, providing the veteran disposed of the property in a manner which would have qualified him for release from liability if he had applied for such release prior to his sale or transfer of the property. However, should transferee fail to assume by contract all the liabilities of the original veteran-borrower and no acceptable transferee, either immediate or remote, is legally liable to the Administrator for the indebtedness, the veteran however shall not be released from liability for the loan.

Authorizes the Administrator to review certain forfeiture actions imposed prior to September 2, 1959, which were based upon submission of fraudulent evidence in connection with the gratuitous veterans benefits; and to grant remission of each forfeiture which would not have been imposed under the law in effect after September 1959.

1973

General

A digest of the public laws, enacted during FY 1973, which are administered by the VA or otherwise of particular interest to the Agency are outlined below:

Public Law 92-541. The Veterans' Administration Medical School Assistance and Health Manpower Training Act of 1972 establishes new programs of (1) VA grants to State supported institutions to assist in the establishment of up to eight new medical schools; (a) VA grants to already existing medical schools affiliated with the VA to assist such schools in expanding and improving their capacity for educating medical students; and (3) VA grants to nonprofit universities, colleges, and other institutions, affiliated with the VA, to assist in expanding and improving facilities for training professional and technical allied health personnel.

The Act also authorizes a program for continuing medical and related education for medical and health personnel of the VA, utilizing certain VA hospitals as "Regional Medical Education Centers", and provides for utilization of VA hospitals to improve and expand affiliated medical schools' programs for the education and training of health manpower.

1973

PL 92-540, October 24, 1972, Section 1780, e, Title 38, USC authorized prepayment of monthly benefits subject to such reports and proof of enrollment in and satisfactory pursuing of such programs as the Administrator my require. The law also authorized an initial advance payment of subsistence allowance to veterans enrolled in a course of vocational rehabilitation and of the educational assistance allowance to veterans and to wives, widows and children pursuing educational programs on a half time or more basis. The prepayment concept was instituted by the VA effective November 1, 1972. Advance pay was instituted effective August 1, 1973.

1974

Public Law 93-177 (H.R. 9474) Pension - DIC For Parents - Increases

Provides a cost-of-living increase of 10 percent in maximum non-service-connected pension rates payable to veterans of wartime service, and their widows, and in the maximum dependency and indemnity compensation rates payable to parents. Lesser increases are provided in the pension rates payable to children.

Increases the maximum amount payable to a veteran without dependents under the current pension law who are hospitalized more than two full months from $30 to $50 monthly.

Provides that the effective date of an award of disability pension to a veteran shall be the date of application or the date on which the veteran became permanently and totally disabled, if an application therefor is received within one year from such date, whichever is to the advantage of the veteran.

Provides a lump sum payment of $25,000 to certain veterans who were dishonorably discharged from the Army as a result of an incident that occurred in Brownsville, Texas, on August 13, 1906, or $10,000 to an unremarried widow of such veteran, upon application to the Administrator of VA and certification by him to the Secretary of the Army for payment. APPROVED DECEMBER 6, 1973.

Public Law 93-289 (H.R. 6574) Veterans' Insurance Act of 1974

Provides full-time insurance coverage under Servicemen's group life insurance (SGLI) for those members who voluntarily participate in a Ready Reserve program requiring an annual minimum of 12 inactive duty training periods, creditable for retirement; and, to those persons assigned to, or eligible, upon application, for assignment to the Retired Reserves of a uniformed service provided they have completed 20 years of satisfactory service creditable for retirement, have not received the first increment of their retirement annuity, and are under 61 years of age.

The existing coverage would be continued for those members of the Reserve who cannot qualify for full-time coverage under this Act. Also such coverage would be extended from 90 to 120 days after the period of duty or travel during which a disability was incurred or aggravated which rendered the member uninsurable.

Authorizes allotments from the pay of members of the National Guard, who are not on active duty, for group life insurance premiums of programs sponsored by the state military department or state associations of the Guard.

Increases the maximum SGLI coverage authorized from $15,000 to $20,000.

Provides for the automatic conversion of SGLI to a new non-renewable, five-year term, Veterans' Group Life Insurance (VGLI) policy and also, to provide at the end of the five-year term for the conversion of VGLI to an individual policy with a commercial insurance company selected by the insured.

Provides that policies under the Veterans' Special Life Insurance program shall be participating thus authorizing payment of dividends and refunds of unearned premiums to the policyholders. No dividends shall be paid prior to January 1, 1974. APPROVED MAY 24, 1974.

Public Law 93-293 (S. 3398) Education - Extend Delimiting Date

Extends, through June 30, 1974, the delimiting date for veterans discharged prior to July 1, 1966, to complete their programs of education. APPROVED MAY 31, 1974.

Public Law 93-337 (S. 3705) Education - Extend Delimiting Date

Extends the current 8-year delimiting date for veterans, wives and widows to complete their programs of education to 10 years. Would exclude, in computing the delimiting date for those veteran-civilians held as prisoners of war by a foreign government or power, the period of time during which they were detained plus any period of time they were hospitalized immediately subsequent to their release. APPROVED JULY 10, 1974.

Public Law 93-295 (S. 3072) Veterans Disability Compensation And Survivor Benefits Act of 1974

Provides increases in the rates of compensation payable to veterans with service-connected disabilities as follows:

15 percent increase in rates for veterans rated 10 to 50 percent;

18 percent increase in rates for veterans rated 60 percent or more, including the special statutory awards for combinations of serious disabilities;

the "k" award of $47 for the loss of a limb and certain other single losses is increased to $52; and

additional allowances for veterans with dependents are increased 15 percent.

Provides an increase of 17 percent in dependency and indemnity compensation rates for widows and children.

Increases the rates of aid and attendance death compensation by 17 percent for widows and dependent parents of veterans who died before January 1, 1957.

Provides for the equalization of the rates of death compensation payable to the survivors of veterans of peacetime and wartime service, where death occurred before January 1, 1957.

Extends to veterans who served during the period from December 31, 1946 through June 26, 1950 the same presumption of service-connection presently authorized for veterans of wartime service.

The above provisions are effective May 1, 1974.

Directs the Veterans Administration to conduct a study to be submitted to the Congress not more than 30 days after the beginning of the 94th Congress of applications for dependency and indemnity compensation by widows of veterans who at the time of their death had a disability rated total and permanent in nature, with particular attention toward the disposition of these cases, the difficulty in proof of service-connected death, and an examination of the current financial situation of those widows and families denied DIC.

Authorizes the Administrator to make direct payment of monetary benefits to a beneficiary, or a relative or some other person for the use and benefit of the beneficiary, upon a determination that the interest of the beneficiary would be served thereby, notwithstanding that a fiduciary has been appointed for the beneficiary. This would include the direct payment of benefits to any beneficiary regardless of his status as a minor under the laws of the State where he resides or is domiciled. APPROVED MAY 31, 1974.

Public Law 93-380 (H.R. 69) Veterans-Cost-of-Instruction

Provides, among other things, the following:

Amends and extends certain Acts relating to elementary and secondary education programs.

Amends the Higher Education Act of 1965, as amended, relating to the veterans-cost-of-instruction (VCI) provision by adding an alternative prerequisite which would allow an institution to qualify for VCI grants by having at least 10 percent of its current undergraduate student body composed of veteran-trainees if the percentage of veterans in attendance is at least equal to such percentage in the preceding academic year. Currently an institution of higher education is eligible for a VCI grant for each undergraduate veteran who is receiving assistance under the veterans educational assistance or vocational rehabilitation program, provided the institution increased its veteran-student enrollment by at least 10 percent over the previous academic year. Requires as a precondition for eligibility that the number of veterans be at least 25. Requires schools seeking to qualify for a second-year entitlement payment to maintain only the minimum number of veterans which would have been necessary to establish their original first-year entitlement. Sets $135,000 as a maximum payment and $9,000 as a minimum payment under the program. Requires that 75% of the funds received by a school be used for special programs for veterans. APPROVED AUGUST 21, 1974.

Public Law 93-508 (H.R. 12628) Vietnam Era Veterans' Readjustment Assistance Act of 1974

Increases benefit rates by 22.7 percent for veterans who are pursuing institutional, cooperative, or farm cooperative courses; and for wives, widows, and children pursuing institutional courses. Increases benefit rates by 18.2 percent for veterans who are receiving vocational rehabilitation training, institutional on less than half-time basis, flight, PREP, or correspondence courses, or receiving apprentice and on-job training; for servicemen pursuing a program of education while on active duty; for wives, widows, and children pursuing cooperative courses, or receiving apprentice or on-job training; for wives and widows pursuing correspondence courses; and for those eligible persons pursuing full-time courses of special restorative training.

Removes the limitation on the number of veteran-students the VA may utilize under the work-study program and increases the number of hours during which a veteran may work under the program from 100 to 250 hours per semester or other applicable enrollment period and the maximum a veteran may receive for such work from $250 to $625.

Public Law 93-508 (Cont'd)

Liberalizes the tutorial assistance program for veterans and servicemen by increasing the monthly rate to $60 and the overall maximum to $720, and increases the number of months available to 12 and extends the tutorial program by law to veterans receiving vocational rehabilitation training under chapter 31.

Authorizes supplementary assistance to veterans or eligible wives, widows, and children pursuing courses on a half-time or more basis at colleges or certain below college level institutions through direct loans to such individuals by the VA up to a maximum of $600 per academic year. The loans would provide needed funds for such individuals to pursue their academic programs where they have been unable to secure sufficient loans through certain other Federal loan programs.

Provides that veterans who served after World War II, and before the Korean conflict, or after the Korean conflict shall receive the same wartime vocational rehabilitation benefits as those granted veterans of World War II and the Korean conflict. The eligibility requirements would change from a 30 percent service-connected disability rating to a 10 percent or more disability rating.

Permits active duty for training performed by a member of the Reserves and National Guard to be counted for educational benefit entitlement purposes where he subsequently serves on active duty for a consecutive period of one year or more.

Provides up to 9 months of additional entitlement for certain veterans to use in pursuing a program of education leading to a standard undergraduate college degree.

Provides that veterans may be allowed up to 6 months of educational assistance to pursue refresher training to update their knowledge and skills in the technological advances occurring in their fields of employment during their period of active military services. Under current law, a veteran may not pursue a program of education in an area in which he is already qualified.

Permits eligible wives, widows and children to pursue farm cooperative training programs and sets monthly educational assistance rates.

Provides that where joint apprenticeship training committees act as training establishments, they shall be entitled to be paid a $3 reporting fee for furnishing VA with reports and certifications.

Increases the allowances payable by the Administrator for adminstrative expenses incurred by State and local agencies in administering educational benefits under the GI Bill.

Provides that vocational schools may measure courses on a quarter or semester hour basis premised on a set formula, but requires a minimum of 22 hours of attendance per week.

Liberalizes the counting of the allotted 30-days of absences per year for those eligible veterans and persons pursuing below college level courses to exclude customary vacation periods associated with legal holidays.

Revises the present so-called 85-15 veteran-nonveteran enrollment rule to make it applicable to accredited, as well as nonaccredited, courses not leading to a standard college degree offered by proprietary profit or proprietary nonprofit schools and to include within the 85 percent any individual having all or part of his tuition, fees, or other charges paid for by the educational institution or the VA.

Requires that courses with vocational objectives must demonstrate a 50 percent placement record over the preceding two-year period in the occupa-

(more)

Public Law 93-508 (Cont'd)

tional category for which the course was designed (excludes from this requirement those persons who receive their training while on active military duty, or are not available for employment).

Provides that the Administrator shall not approve the enrollment in any course if he finds the advertising for the course contains significant avocational or recreational themes.

Directs the Administrator not to approve the enrollment in any course offered by an institution which utilizes erroneous, misleading, or deceptive advertising, sales, or enrollment practices.

Directs the Administrator to carry out a thorough study, and to report to the Congress and the President within 12 months, on the opportunities for abuse and administrative difficulties arising from a tuition assistance program if one were to be enacted.

Directs the Administrator to measure and evaluate all programs authorized by title 38 with respect to their effectiveness, impact, and structure and mechanisms for the delivery of services, and to collect, collate, and analyze, on a continuing basis, full data regarding the operation of all such programs and to publicize the results of his findings.

Requires the Administrator, to maximum extent feasible, to carry out outreach services in areas where significant numbers of eligible veterans and eligible dependents speak a language other than English as their principal language; and to establish and carry out all possible programs and services, including special telephone facilities, to make the outreach services as widely available as possible.

Extends to wives and widows, eligible for education and training, the benefits of job counseling, training, and placement services provided by the Department of Labor. Expands and strengthens the administrative controls which the Secretary of Labor is directed to establish in order to ensure that eligible veterans, wives, and widows are promptly placed in a satisfactory job or job training program or receive some other specific form of employment assistance. Requires the Secretary of Labor to establish standards for determining compliance by State Public Employment Service Agencies with the provisions of chapters 41 and 42.

Requires Federal contractors and all of their subcontractors to take affirmative action with respect to their employment practices in order to promote the greatest possible employment and advancement in employment of qualified service-connected disabled veterans and veterans of the Vietnam era.

Provides that it is the policy of the United States to promote maximum employment and job advancement opportunities within the Federal Government for qualified disabled and Vietnam era veterans, and provides for special Federal appointment authority and other mechanisms to carry out that policy.

Provides for the recodification into title 38 of existing law on veterans' reemployment rights, and further extends those rights to veterans who were employed by States or their political subdivisions.

Provides statutory authority for the "Man-on-the-Campus program. Authorizes to be assigned to each educational institution where at least 500 persons are enrolled under the VA educational programs, one full-time representative per each 500 persons, and on a less than full-time basis where there are less than 500 such persons enrolled. Provides that preference in selecting and appointing representatives shall be given to Vietnam era veterans with experience in veterans' affairs, counseling, outreach, and other related veterans' services. The representatives are to work closely with veterans' coordinators receiving veterans' cost-of-instruction payments under the Higher Education Act, and provide necessary guidance and support to veteran-student services personnel assigned to the campus under the VA work-study program.

Provides that the Administrator shall seek to achieve the maximum feasible effectiveness, coordination, and interrelationship of services among all Federal programs and activities affecting veterans and seek to achieve the maximum coordination of their programs with the programs carried out by the VA.

Effective dates of this Act are: Rate increases on September 1, 1974; loan provisions on January 1, 1975; and all other provisions on the date of enactment. ENACTED DECEMBER 3, 1974.

Public Law 93-569 (H.R. 15912) Veterans Housing Act of 1974

Increases from $17,500 to $25,000 the maximum grant VA could make to certain disabled veterans to assist them in acquiring suitable housing units specially adapted to the nature of their disabilities.

Increases the maximum amount under the loan guaranty and direct programs from $12,500 to $17,500.

Provides for loans to purchase lots on which to place mobile home units already owned by veterans. Increases the maximum loan amount for a single-wide mobile home to $12,500. Increases the maximum amount for a double-wide mobile home to $20,000 and the maximum maturity is extended to 20 years. For a single-wide mobile home and an undeveloped lot, the maximum loan is established at $20,000 with a maturity of 15 years. The maximum loan amount for a double-wide mobile home and an undeveloped lot is placed at $27,500. Also, a loan for a single-wide mobile home and a developed lot is maximized at $20,000; for a double-wide mobile home and a developed lot the maximum is $27,500; and the maturity maximum for only an undeveloped or developed lot is $7,500 for 12 years. Deletes the July 1, 1975 delimiting date for making loans to purchase mobile homes and mobile home lots. The provision for guaranteeing a loan on the purchase of a used mobile home is liberalized in that it will no longer be required that such a used mobile home must have been the security for a prior guaranteed loan. Provides for prior VA approval of standards for planning, construction, and general acceptability for a mobile home lot.

Extends the maximum maturity for VA guaranteed mobile home loans and for FHA insured home improvement and mobile home loans made by Federal credit unions.

Adds 32 days to the maturity of VA home and mobile home loan programs.

Grants to veterans who served after January 31, 1955, the benefits under the insured loan program.

Permits the Administrator to restore a veteran's entitlement to a guaranteed, insured or direct loan provided a prior GI loan has been paid in full and the property has been disposed of by the veteran or any immediate veteran-transferee has agreed to assume the outstanding balance on the loan and has consented to the use of his veteran's entitlement. The Administrator will continue to have authority to restore a veteran's entitlement when circumstances warrant even though these conditions can not be met.

Authorizes automatic guaranty of loans made by a lender, in addition to a supervised lender, provided such lender has prior approval by the Administrator. The provision for automatic guaranty of loans by mortgagees designated by the Secretary of HUD as certified agents is deleted as that program is no longer in effect.

Provides that where "automatically guaranteed" loans are made, the certification by the veteran that he intends to occupy the property as his home, need only be obtained once, at the time the loan is closed.

Authorizes the guarantee of loans for individual condominium units without the present prerequisite that the Department of Housing and Urban Development has issued insurance on at least one loan in the project.

Permits veterans in certain limited circumstances to pay discounts when they obtain loans to repair, alter, or improve a farm, residence, or other dwelling; to build his own home or farm residence on land he already owns or intends to acquire; or to purchase a dwelling from a class of sellers which the Administrator determines are legally precluded under all circumstances from paying such a discount if the best interest of the veteran would be so served.

Permits the Administrator to suspend a builder, lender, or broker for disciplinary action if such parties were suspended by HUD.

Deletes from title 38 the following: Farm and business loan programs; loans to refinance delinquent indebtedness; and the method for recovery of damages in certain instances, i.e., where cost exceeded the reasonable value specified by the VA. APPROVED DECEMBER 31, 1974.

Appendix #2

Accounts Receivable Study

Legislative, Directive & Procedural References

A. Collection Policy and Procedures

1. Claims and Collection Act of 1966 PL 89-508

   Legislation placing full authority and responsibility for the collection of debts up to $20,000 on Departments and Agencies of the U.S.

2. 4 CFR Chapter II

   Joint regulations promulgated by the Department of Justice and the General Accounting Office by direction of PL 89-508 governing the policies and procedures for collection of debts due the U.S. Government.

3. VA Regulations 900 - 954

   Regulations established pursuant to Joint Regulations (A.2. above) by the VA concerning the collection of debts due the Veterans Administration.

4. VA Manual MP-4, Part I, Chapter 5

   Agency collection policy and procedure issued pursuant to PL 89-508, 4 CFR Chapter II and VAR 900-954.

B. DVB Fiscal Payment Procedures for Benefit Payments

Compensation, Pension and Education

1. MP-4, Part IV, DVB Suppl. 1. (in process of being consolidated in Basic Manual - MP-4, Part IV - VA Controller Policy). This manual covers the automated payment procedures including accounts receivables, Personal Fund of Patients and related matters.
2. II 00-74-13 - Centralization of DVB Accounts Receivable - CARS.

3. Benefit Payment Acctg.

   DVB Supplements - MP-4, Part V.

   a. Supplement 4 - Appendix B. Benefit Payment Expense Accounts - Compensation and Education.

   b. Supplement 4 - Appendix C-1. General Ledger Account Descriptions - CP&E.

   c. Supplement 4 - Appendix C-2. Revolving Fund Loans - Account Descriptions.

   d. Supplement 4 - Appendix C-3. Direct Loans to Veterans and Loan Guaranty Revolving Fund - Account Descriptions.

   e. Supplement 4 - Appendix C-4. General Fund Receipt and Treasury Accounts.

   f. Supplement 4 - Appendix C-5. Personal Funds of Patients, and Funds Due Incompetent Beneficiaries.

   g. Supplement 4 - Appendix C-6. General Ledger Account Descriptions, Budget Clearing Account - 36F3875 - CP&E System.

   h. Supplement 4 - Appendix C-7. General Ledger - Pro-Forma.

4. Loan Guaranty Program

   MP-4, Part V, Chapter 8, Chapter 9 - Veterans Liability Accounts and Miscellaneous Receivables. Covers fiscal instructions regarding the establishment of debts due to default on VA guaranteed and insured loans and miscellaneous receivables.

5. Insurance Program

   MP-4, Part V, Chapter 8, Section D, Miscellaneous. Establishment of receivables overpayment of disability awards and dividends.

C. DVB Benefit Program Policy and Procedural Instructions

   1. M21-1 Program Guide Compensation and Pension

2. DVB Circulars and Instructions Education Program

   (a) 20-66-36 and Addenda. Covers instructions for processing Chapter 34 (Viet Nam) claims, enrollments, certifications, etc. (being incorporated in VA Manual M22-2 - "Education Procedures Manual."

   (b) 20-74-40. Education Payments - Changes for Fall enrollment 1974 - VB Counselors - Removal of Payment Bars - Advance and Special Payments.

   (c) 20-74-42. VA on campus program.

   (d) 20-74-38 CARS. Centralization of Accounts Rec. - Test (Includes VR&E, C&P and Loan Guaranty Rec.)

   (e) 20-74-32. Control of Education Enrollment and Reenrollment Documents - Rejects - Payment of Hardship.

   (f) 20-74-43. Extension of Delimiting Date.

   (g) 20-74-51. Correction Procedures Faulty Change of Name and Address Input.

   (h) 20-74-47. Distribution of Publications to Vet Reps on campus

   (i) 20-74-75. Education Payment Inquiries, Procedures for Improvements in Handling.

3. Loan Guaranty Program

   M26-4, Chapter 3 - Claims and Liquidation Procedures: Covers the establishment of debts due to default on loans - Veterans Liability and Direct loans.

D. ADP System DDM - Issues

1. MP-6, Part IV, Suppl. 6.1. Messages, Systems Output and Correction Procedures.

Enclosure 5

ANSWERS TO QUESTIONS SUBMITTED BY SENATOR THURMOND

1. Question: What is the annual cost of the GI Bill education program?

   Answer: In Fiscal Year 1975, over $4.166 billion were expended for veterans and service personnel in training under chapters 34 and 36, title 38, United States Code, including loans made under the education loan fund. This represents a 39% increase over the $3.006 billion expended in Fiscal Year 1974 and a 66% increase over the $2.513 billion expended in Fiscal Year 1973.

2. Question: What are the current number of participants in the program?

   Answer: In Fiscal Year 1975, 2,692,000 veterans and service personnel participated, compared to 2,359,000 in Fiscal Year 1974 and 2,126,000 in Fiscal Year 1973.

3. Question: How many VA employees now work in the education program?

   Answer: With some exceptions, units in VA regional offices do not perform education and rehabilitation functions exclusively. We estimate that if Department of Veterans Benefits employees were strictly divided according to program, approximately 5,812 positions out of the average employment of 19,716 were devoted to the education and rehabilitation functions in Fiscal Year 1975.

4. Question: If the program is phased out by eliminating eligibility to those who go on active duty after January 1, 1976 and who must use all their benefits by January 1, 1987, what would be the reduction in administrative cost and reduction in the personnel required to handle the program?

   Answer: We estimate the following savings in administrative cost and personnel if the program is phased out as proposed:

Fiscal Year	Reduction in Adjudication Personnel	Savings in Administrative Cost (thousands)
1976	10	$ 172
Transition	19	81
1977	79	1,426
1978	191	3,462
1979	329	5,706
1980	492	8,650
		$ 19,497

(The personnel savings are not additive: the total reduction for FY 1980 would be 492 positions, not the sum of the reductions from FY 1976 through FY 1980.)

5. Question: If Congress provides for an alternative program funded by the Department of Defense, what problems would you as Chief Benefits Director, forsee in having the VA administer the program?

   Answer: The proposal that the Defense Department fund an education program and the VA administer that program is possible. The funding would be provided to the VA by an appropriation transfer account. This is common, particularly for construction programs. It is assumed that VA's administrative costs of the program would also be funded through Defense Department appropriations. Such a procedure would separate in different organizations of government the budget function from operational responsibility. This could lead to some operational and communication problems, particularly in the budget area. Administrative processes to implement such an education program would be the same as those for the current education program.

6. Question: What is the current balance in overpayments?

   Answer: The education accounts receivable balance as of September 30, 1975 was $258,357,709.

7. Question: What is the current situation on timely delivery of education benefits checks to the student veteran?

Answer: For awards completed in September 1975, we experienced an average of 25 elapsed days from the start of the enrollment period to the date of payment. (In the case of a veteran's original award, either the start of the enrollment period or the date of the original claim is used, whichever is later.) Even when the VA is not notified of a reenrollment until after the start of the period, the timeliness statistics are still based on the date of reentrance into training.

8. Question: What kind of relationship do you have with the schools concerning the overpayment problem, and the problem of getting information from the schools to the VA in order to facilitate timely delivery of the checks?

Answer: According to information supplied by our regional offices, the problem of late, or nonexistant, reporting by the schools is present in varying degrees throughout the country. In response to these problems, new regulations have been approved to reemphasize our policy that schools have and enforce a policy regarding satisfactory progress of students. In addition, we have issued new instructions to our regional offices regarding school liability for overpayments, as provided in section 1785, title 38, United States Code.

While some schools have resisted the standards of progress regulations and the concept of school liability, we are working with State approving agencies and school officials to assure that the VA will be properly and promptly notified of all relevant changes in enrollment status.

In regard to the second part of your question, our field stations report that most schools do cooperate to insure the timely delivery of checks. While scattered problems do exist in this area, we find this much less troublesome than the reporting problems discussed above.

9. In P.L. 93-508, Congress provided for a new loan program for students. On several occasions, I have heard complaints about the tremendous amount of paper work and red tape involved in trying to secure a loan.

a. Question: Can you tell me the amount of paper work generated when a student makes application for a loan?

Answer: The Application for Education Loan, VA Form 22-8725, includes one page of general information and instructions and two pages requiring data from the applicant, the school and the VA.

The half page VA Form 22-8725a is used by lending institutions to certify that they were unable to approve a Guaranteed Student Loan for a veteran or dependent under Title IV-B of the Higher Education Act of 1965, as amended. The law, section 1798(c)(2) of Title 38, United States Code, requires that an applicant be unable to obtain a loan in the full amount needed under the Guaranteed Student Loan Program before he may receive a VA education loan. The VA requires that the applicant attempt to obtain the full amount needed from two separate lenders before we will consider the application.

Using an Education Loan Work Sheet, VA Form 22-8727, the VA calculates the amount needed by the applicant. This internal one page document relies upon the data entered by the veteran or dependent on the application form.

When a loan is approved, VA Form Letter 22-891 is mailed to notify the applicant. Enclosed with this letter are three copies of the Promissory Note (VA Form 22-8726) required by section 1798(d)(1) of the Code. The applicant must return a signed original and one copy of the note before the loan amount is disbursed to him. In case of denial, a VA Form Letter 22-892 is sent to the veteran giving reasons for denial.

b. Question: What is the average lapse of time between the application and notification?

Answer: We estimate that the average application is approved or denied in about two weeks with some completed much sooner and others taking somewhat longer.

c. Question: What is the average length of time between notification and actual delivery of the loan money to the student?

Answer: This answer depends upon how long the veteran holds the promissory note before returning it to the VA and upon the speed of the postal service. Roughly speaking, we would estimate that most payments are made within about 3 weeks from the time of notification.

d. Question: Can you make available to the Committee, for inclusion in the hearing record, the application forms for the student loan program?

Answer: The relevant VA Forms 8725 and 8725a, are enclosed.

10. In P.L. 93-508, the Congress required that as a condition of eligibility, schools offering vocational objective programs must demonstrate that at least 50% of their available course graduates have obtained employment in the occupation for which they train. On several occasions, I have heard complaints about the tremendous amount of paper work and red tape required by VA regulations in implementing this law. Some schools and school administrators have, in effect, complained that the placement regulations are burdensome.

a. Question: Could you explain to the Committee what paper work is involved for a school to demonstrate compliance with the 50% placement regulation?

b. Question: Could you make these forms available to the Committee for inclusion in the hearing record?

Answer: The enclosed DVB Circular 20-74-113, Appendix B, provides instructions and procedures to be followed by the schools and State approving agencies (SAA's) in making surveys of employment following training in vocational courses. The appendices to the circular provide the requested forms.

c. Question: What steps has the VA taken to consult and work with the schools in carrying out these regulations?

Answer: The circular cited in response to question 10a was issued to all affected schools. In addition, many regional offices and SAA's have held meetings with school officials to further amplify these instructions. Finally, in October of this year four regional conferences were held for SAA personnel and VA liaison representatives. The 50% placement provision was a major topic of discussion at these conferences.

d. Question: What is the current status of the regulations?

Answer: The amendment to the regulation in question, VAR 14252(G) was approved on July 21, 1975 and has been distributed to the SAA's and educational institutions. Only the basic requirement is contained in the regulation. Our operating instructions are contained in the enclosed circular cited in response to question 10a.

e. What procedures are involved for the schools to be reimbursed for reporting necessary information to the VA?

f. What is the current reporting fee?

g. What would be the position of the VA on increasing the reporting fee?

Answer: No special reporting fee is payable for the 50% employment survey. Section 1784(b), title 38, United States Code, provides that the regular $3.00 per trainee annual reporting fee (or $4.00 in the case of advance payment) is payable in lieu of any other compensation or reimbursement for reports or certifications which an institution is required to submit by law or regulation.

Legislation would be required to increase the reporting fee and we are not aware of any pending legislation of this type. We would need to examine both the anticipated level of the fee as well as the provisions under which it would be payable before we could comment on such a proposal.

11. Question: Has the VA had any problems in administering the provisions of P.L. 93-508, which restricts the extra nine months entitlement to undergraduate study?

Answer: No major problems exist in administering this selective granting of up to nine additional months of entitlement. DVB Circular 20-74-113, Appendix D, Revised, issued January 17, 1975, gave further instructions to our field stations in the preparation of these awards and clarified that first professional degrees may qualify under this provision of the law. Award preparation was further refined by a change to Appendix D dated August 21, 1975.

INFORMATION AND INSTRUCTIONS FOR APPLICATION FOR EDUCATION LOAN

1 GENERAL INFORMATION

A Eligibility. A veteran or eligible person who: (1) is in attendance at an educational institution on at least a half-time basis; and

(2) is enrolled in a course leading to a standard college degree, or in a course not leading to a standard college degree which requires the equivalent of at least six months full-time training for completion; and

(3) has sought and is unable to obtain a loan, under the Guaranteed Student Loan Program (Title IV-B of the Higher Education Act of 1965, as amended) administered by the Department of Health, Education and Welfare, in the full amount needed for pursuit of his or her course,

may apply for a Veterans Administration educational loan.

B Restrictions. NO LOAN SHALL BE MADE to an eligible veteran or person pursuing (1) a program of education outside of the United States, its territories and possessions, the Commonwealth of Puerto Rico and the Canal Zone, or (2) a program of correspondence, flight, apprentice or other on-the-job, or PREP training.

C Loan Amount. The amount of loan which can be approved is determined by the amount which the student's educational expenses exceed his or her available financial resources, but not in excess of $600 in any one regular (nine-month) academic year, nor less than $50 for any period. The maximum amount which any one person may borrow may not exceed $270 for each month of remaining entitlement to VA educational assistance, determined as of the beginning date of the enrollment period for which the loan application is made. Additionally, loan amounts are subject to the following limitations:

(1) Courses Organized on a Term Basis

Period	Maximum Loan
Academic year*	$600
Semester	300
Quarter or Summer Session**	200
Academic year plus Summer Session	800
Semester plus Summer Session	500
Quarter plus summer Session	400

* "Academic year" means the nine-month period, usually from August or September to May or June, which includes generally two semesters or three quarters.

** "Summer Session" means a designated summer term of at least ten weeks duration.

(2) Courses not Organized on a Term Basis

Length of Course (Months)	Maximum Loan
6 through 8	$400
9 through 11	600
12	800

D Application Period. Applications should be submitted as soon as possible after classes actually begin. An application will not be accepted later than the end of a term or calendar quarter for which any part of the loan is to apply (except for loans applying to a period commencing on or about September 1, 1974).

E Loan Payment. An approved loan which is intended to apply to (1) an enrollment period of more than one term, or (2) to two or more calendar quarters (where the school operates on other than a term basis), will be paid after the beginning of the first term or quarter (refer to loan limitations under paragraph C, above). A fee not to exceed 3% will be collected prior to payment in order to provide a fund to insure against defaults under this law.

F Loan Repayment. The loan (or loans) become due nine months after the student ceases to be a half-time student and may be repaid in installments over the next ten years and nine months after that date. Repayment is deferred if the student reenrolls on a half-time or more basis and is eligible to receive VA education benefits. When the loan does become due, repayment may be made in ten annual installments. There is no penalty for prepaying all or part of the loan amount.

2 INSTRUCTIONS TO STUDENT FOR COMPLETING APPLICATION

Part I. Please provide complete information. Eligible persons receiving Dependents Education Assistance must provide their full VA File Number including letter suffix in Item 3.

Item 10 - It is important to indicate the period to which the loan will apply since this governs the amount of income to be counted and the maximum loan amount. If you plan to attend a summer session in addition to the nine-month academic year check both "academic year" and "summer session".

PART II - Resources

Item 11A - Obtain names of lenders known to be currently providing funds under the Guaranteed Student Loan Program (GSLP) from the school financial aid officer or other knowledgable official. List any other lenders to whom you have applied. At least two lenders must be shown unless fewer than two are known to be participating in the GSLP. Show the date you were notified of the approval or denial of your GSLP application. A final decision must have been made on all GSLP applications before this application is submitted to the VA. NOTE: If denied a Guaranteed Student Loan, obtain a statement of denial from each denying lender and submit a copy of same with this application.

Item 13 - Include regular G.I. Bill allowance, plus VA work study benefits, if applicable.

Item 14 - Estimate taxable income from all sources (e.g. wages, salary, dividends, etc.) less federal income taxes paid or payable for yourself (and spouse if married) for current year.

Part III - Costs and Enrollment Data

Item 15 - Report only those related expenses which will be incurred during the period to which the loan will apply.

Item 15C - Complete only if room and board charges are not paid to school.

Item 15D - If not living on campus complete to show estimated cost of commuting (charge by carrier or cost of driving not to exceed 12¢ per mile).

Item 15E - List other items of expense directly related to attendance. Students with dependents may include living expenses for those dependents for whom support is provided from the resources listed.

IMPORTANT: For assistance or information contact your "Vet Rep On Campus" if one has been assigned to your school, or the Veterans Services Division of the Veterans Administration Regional Office for your area (Consult the local telephone book for the number or check with your Veterans Affairs Office on the campus).

3 INSTRUCTIONS TO SCHOOL

The educational institution will complete Part III, Items 16A through 16E. It will also be responsible for reviewing the reasonableness of the student's entries in Item 15.

Item 16C - Certify actual pursuit of course only for loan period shown in Item 10 (i.e. academic year, one semester or quarter, etc.).

Item 16E - If student lives on campus or otherwise pays room and board charges to the educational institution, report only such charges as are applicable to the loan period.

4 PROMISSORY NOTE

The applicant will be notified of the decision made on his or her VA loan request. If a loan is approved, a promissory note will be sent to the applicant. The note will show the loan amount approved, the interest terms (currently 8%) and repayment provisions. The applicant must sign and return the note to the VA before the loan payment may be released.

Form Approved
OMB No. 76-[illegible]

VETERANS ADMINISTRATION

APPLICATION FOR EDUCATION LOAN

(For Veterans and eligible persons enrolled under Chap. 34 or 35, Title 38, U.S.C.)

IMPORTANT: Before completing this form, please read the instructions carefully on the attached sheet. Type or print answers in ink. If additional space is necessary, attach separate sheets and key answers to item numbers.

PART I - IDENTIFICATION DATA

1. FIRST NAME - MIDDLE NAME - LAST NAME OF APPLICANT	2. SOCIAL SECURITY NUMBER	3. VA FILE NO. (For Chap. 35, include suffix)
4. ADDRESS (No. and street or rural route, city or P.O., State and ZIP Code)	5. TELEPHONE NUMBER	6. DATE OF BIRTH
	7. VA OFFICE WHERE RECORDS ARE LOCATED	

8. MARITAL STATUS
☐ SINGLE ☐ MARRIED ☐ DIVORCED ☐ SEPARATED ☐ WIDOWED

9. NO. OF DEPENDENT CHILDREN

10. PERIOD TO WHICH REQUESTED LOAN WILL APPLY
☐ A. ACADEMIC YEAR (9 Month)
☐ B. SEMESTER
☐ C. QUARTER
☐ D. SUMMER TERM
☐ E. COURSE NOT ORGANIZED ON TERM BASIS (If "E" checked, complete F.)

F. LENGTH OF COURSE
MONTHS

PART II - RESOURCES

NOTE: You must have applied for and been unable to obtain in the full amount needed a Guaranteed Student Loan (under Title IV B of the Higher Education Act of 1965, as amended) with those lenders known to your school's Financial Aid officer, or other authorized official, as offering such Funds on a current basis. Enter data in Item 11A regarding such applications to at least two lenders, unless there are fewer than two from which such funds are available. If denied a loan, attach a statement of denial from each lender.

DESCRIPTION		AMOUNT REQUESTED	DATE NOTIFIED	AMOUNT APPROVED
11A. NAME AND ADDRESS OF LENDER		$		$
	TOTAL			$
11B. NATIONAL DIRECT STUDENT LOAN				$
11C. BASIC EDUCATION OPPORTUNITY GRANT				
11D. SUPPLEMENTAL EDUCATION OPPORTUNITY GRANT				
11E. COLLEGE WORK STUDY				
11F. OTHER GRANTS, FELLOWSHIPS, SCHOLARSHIPS				
11G. FAMILY CONTRIBUTIONS TOWARD EDUCATION				
	11H. TOTAL (Items 11A through 11G)			$

12. CASH ASSETS (On hand at time of application)		
NOTE: Do not report amounts included in Item 11H.		13. TOTAL VA EDUCATIONAL ASSISTANCE TO BE RECEIVED DURING PERIOD TO WHICH LOAN WILL APPLY
A. CASH ON HAND	$	
B. CHECKING ACCOUNT		
C. SAVINGS ACCOUNT		$
D. OTHER (Specify)		14. ESTIMATED CURRENT YEAR NET INCOME FOR SELF AND SPOUSE
E. TOTAL	$	$

VA FORM FEB 1975 **22-8725**

EXISTING STOCKS OF VA FORM 22-8725, JAN 1975, WILL BE USED.

537989

PART III - COSTS AND ENROLLMENT DATA

15. RELATED EDUCATIONAL EXPENSES

(This item to be completed by STUDENT and reviewed by SCHOOL.)

A. BOOKS	$	E. OTHER (List)	
B. SUPPLIES			
C. NON-INSTITUTIONAL ROOM AND BOARD			
D. COMMUTING EXPENSES		F. TOTAL	$

16. INSTITUTIONAL CHARGES AND ENROLLMENT DATA *(To be completed by SCHOOL)*

A. NAME OF EDUCATIONAL OR VOCATIONAL OBJECTIVE FOR WHICH CURRENTLY ENROLLED

B. EXPECTED DATE OF GRADUATION

C. ENROLLMENT - EFFECTIVE DATES OF LOAN PERIOD (See item 17)		D. NUMBER OF HOURS		E. CHARGES FOR PERIOD OF INSTRUCTION		
SCHOOL OPERATING ON TERM BASIS - Enter beginning and ending dates of academic year or term for which enrolled. *OTHER SCHOOL - Enter first and last date of scheduled attendance.*		*Enter credit hour load or clock hours of attendance per week for each period of enrollment.*		*Enter total charges for enrollment period shown in Item 16C.* *(Do Not include cost of books and supplies under fees.)*		
BEGINNING	ENDING	CREDIT	CLOCK	TUITION	FEES	RM. AND BOARD

PART IV - CERTIFICATIONS

SCHOOL CERTIFICATION: (1) Facts stated above by this institution are true and correct; (2) Facts stated by student in Part III, Item 15 have been reviewed and appear reasonable; (3) The lenders listed by the student in Item 11A include those known to this educational institution to be currently providing funds under Part IV-B of the Higher Education Act of 1965, as amended; (4) This institution agrees to report promptly to the VA any enrollment changes made in the student's institutional records which will affect his or her educational loan.

17. DATE SIGNED	18. SIGNATURE AND TITLE OF CERTIFYING OFFICIAL	19. NAME AND ADDRESS OF SCHOOL

STUDENT CERTIFICATION: I request a loan in the amount of $ ____________ and, I hereby certify that: (1) Facts which I have stated in Parts I, II and III above are true and correct to the best of my knowledge and belief; (2) this loan will be used only for educational purposes during the period to which this application applies (3) I understand that a fee of 3 percent of the approved loan amount will be deducted to insure against default on loans made under this law.

20. SIGNATURE OF STUDENT	21. DATE

CAUTION - WILLFUL FALSE STATEMENTS CONCERNING MATTERS IN ANY DOCUMENT REQUIRED BY THIS LAW MAY SUBJECT THE PERSON TO FINE OR IMPRISONMENT OR BOTH.

FOR VA USE ONLY

ACTION TAKEN	APPROVED	AMOUNT 00	SCHOOL FACILITY NUMBER		**PAYMENT DATA** LOAN NUMBER EL
	DISALLOWED (Give Reason)				SCHEDULE NUMBER
SIGNATURE OF ADJUDICATOR			DATE	STATION NO.	DATE

VETERANS ADMINISTRATION

SUPPLEMENT TO APPLICATION FOR EDUCATION LOAN

(For Veterans and eligible persons enrolled under Chap. 34 or 35, Title 38 U.S.C.)

SECTION A - (To be completed by STUDENT.)

1. FIRST NAME, MIDDLE NAME, LAST NAME OF APPLICANT	2. VA FILE NO. (For Chap. 35, include suffix) C-

NOTE: In order to be eligible for a VA education loan, the student must have applied for and been unable to receive in the full amount needed a Guaranteed Student Loan (under Title IV-B of the Higher Education Act of 1965, as amended). At least two lenders must be shown below unless fewer than two are known to be participating in the Guaranteed Student Loan Program.

SECTION B - (To be completed by Lending institution)

IT IS HEREBY CERTIFIED that the student above applied and this institution was unable to approve a Guaranteed Student Loan.

3A. NAME AND ADDRESS OF LENDING INSTITUTION	3B. SIGNATURE OF AUTHORIZED OFFICIAL	3C. DATE

VA FORM FEB 1975 **22-8725a**

Department of Veterans Benefits
Veterans Administration
Washington, D. C. 20420

DVB Circular 20-74-113
Appendix B
May 12, 1975

SURVEY OF EMPLOYMENT FOLLOWING TRAINING IN VOCATIONAL COURSES
(RCS 22-12)

1. PURPOSE

This appendix provides instructions and procedures to be followed by the schools and the SAA (State approving agencies) in making a survey of employment following training in vocational courses. Vocational courses offered by schools for training under chapters 34 and 35, title 38, U. S. Code, must have their approval recertified in accordance with the provisions given in this appendix, to be completed by December 1, 1975. The provisions of this appendix do not apply to OJT and apprenticeship training establishments. (See Change 8)

2. GENERAL

a. Additional requirements have been enacted relative to initial and continued approval of courses of study which lead to vocational objectives, under title 38, U. S. C., chapters 34 and 35. In order to be initially approved, or for continued enrollment under chapters 34 and 35 to be allowed, schools offering such courses must demonstrate that at least 50 percent of the persons completing such courses during a designated 2-year period have been employed in the occupational category for which the course was designed to provide training, or in a closely related occupational category which requires a high degree of use of the skills learned from the course.

b. School courses currently approved for VA training which lead to a vocational objective (courses not leading to an educational objective) are subject to this requirement, as well as vocational courses for which initial approval is requested. The necessary employment survey will be made individually for each approved course, whether or not eligible persons under chapters 34 and 35 are or ever have been enrolled in the course. In view of the requirement for coverage of persons completing the course in the 2 most recent years, it will be necessary for these surveys to be accomplished anew at the end of each 12-month period following the initial survey. This appendix provides instructions for the first review of approved courses. Instructions for recurrent reviews at 12-month intervals will be issued later.

c. Courses offered by correspondence schools will be surveyed on a nationwide basis. Courses in resident schools, which have extensions or branches, will be surveyed on the basis of the organizational units which currently are approved to offer such courses, or which are seeking initial approval (i.e., if there is, or will be, one approval of courses for multiple locations, then the survey will be conducted based on the one approval. Conversely, if the same course is offered by a school in more than one location which has separate approvals, separate surveys will be conducted for each such location). Schools which offer the same courses on a full-time or a part-time basis will not distinguish between full-time and part-time students in the survey. However, it must be emphasized that individual courses must meet the criteria as set out in this appendix, not the overall school.

d. Schools having currently approved courses with less than the required 50 percent employment rate in the same or a closely related employment category for which the course provided training, will not be allowed to enroll any more eligible persons under chapter 34 or 35 in such courses. Schools are allowed until July 1, 1975 to request an extension from the State approving agency, and if the extension is granted, the period ending November 1, 1975 is allowed for all reports to be made from the schools to the State approving agencies. After the applicable date, no further enrollments of eligible persons will be allowed under chapter 34 or 35 unless the extension is granted by July 1, 1975 and satisfactory survey results are submitted to the SAA by November 1, 1975. If subsequently, the school is able to demonstrate that for the most recent 2-year period the course has attained the required 50 percent employment rate, then the school may submit the results of the survey covering the most recent 2-year period so that eligible persons under chapters 34 and 35 may again be enrolled.

e. The VA Liaison Representative will maintain contact with the State approving agency at all stages in the development and reporting of these surveys. It is expected that questions raised by the State approving agency, or the schools, generally will be resolved by the VA Liaison Representative. If, after consulting with appropriate regional office officials, there remain questions or problems which cannot be resolved locally, these questions and problems will be referred to the Area Field Director (223).

f. For a course that a school wishes to add to its list of approved courses, which has not been in operation for 2 years or more, but is similar in character to a course previously furnished by the school for a period of at least 2 years, the State approving agency will determine that the survey of the course which had been in operation at least 2 years meets the employment criteria. The State approving agency will furnish the VA a copy of the survey report along with the approval and the basis for its view as to the similarity in character. If there is no course similar in character to the course for which approval is requested and such course is not subject to the requirement of being in operation for 2 years, then enrollments may be authorized for the initial course without certification of the 50 percent employment rate until 7 months following the graduation date of the first class, at which time the survey results must be submitted to the SAA. The SAA will then be allowed an additional month to submit the results to the RO.

3. PERSONS TO BE SURVEYED. All persons who completed the course during the specified 2-year period will be surveyed, except that:

a. Individuals who completed the course while on active duty in the Armed Forces will be excluded, and

b. A sample of the persons completing the course may be surveyed if the number otherwise would exceed 300 persons for the course. Instructions for development of the sample are given in exhibit C.

4. TIME PERIODS. If the information is already available to the school, as determined in paragraph 5b(1) and (2) below, the survey results should be submitted to the SAA by July 1, 1975. If the information is not available and the school believes its course or courses meet this requirement and it wishes to continue to enroll veterans and eligible persons in its course or courses, the school may request from the SAA by July 1, 1975, an extension until November 1, 1975 in order to conduct a survey. If the SAA receives no request for an extension or survey results by July 1, 1975, the SAA will immediately notify the RO that the criteria of this appendix have not been met. If the school receives an extension, the period until November 1, 1975 will be allowed for completion of all required surveys and submission of the results to the SAA. If the SAA does not receive the survey results by November 1, 1975, the SAA will immediately notify the RO that the criteria of the appendix have not been met. The SAA will be allowed until December 1, 1975 to forward certifications of the approvals for affected vocational courses to the VA regional office. After December 1, 1975, no further entries into training will be approved by the Veterans Administration for

those courses which do not meet the criteria of this appendix. Eligible persons currently enrolled may continue pursuing the program. Once interrupted (other than end of term) prior to completion of the program, the student will no longer be permitted to reenroll unless the provisions of this appendix are met.

a. Although the effective date of PL 93-508 is December 3, 1974, courses approved before the SAA receives this appendix must notify the SAA as above. For courses not yet approved by the SAA, approval cannot be granted until the criteria in the appendix have been met. All new approvals must include information to establish that this requirement of the law is met, if applicable, before enrollment of eligible veterans and persons will be permitted.

b. The initial survey will cover persons who completed the course during the 2-year period beginning March 1, 1973 and ending February 28, 1975; except that when the course is operated on the basis of regularly scheduled beginning and ending periods, the beginning and ending dates may be adjusted so that the ending date of the 2-year period will coincide with the most recently ended course period.

c. The field stations are to distribute this appendix to the individual schools which have vocational courses approved for trainees under title 38, U. S. C., chapters 34 and 35, in order for the schools to receive them by June 2, 1975.

d. Schools receiving an extension of time to complete a survey will be allowed until November 1, 1975 for preparation and planning, conducting the study, and reporting the required information to the State approving agency. The State approving agencies are allowed until December 1, 1975 to receive, review, and certify the individual survey reports to the Veterans Administration.

5. DATA TO BE DEVELOPED AND REPORTED

a. General

(1) Schools offering vocational courses must submit justification for each such course showing that at least one-half of the persons who completed the course over the preceding 2-year period, and who are not unavailable for employment, have been employed in the occupational category for which the course was designed to provide training or in a closely related occupation of comparable level which requires a high degree of use of skills learned in this course. Persons who completed

the course while serving on active duty in the Armed Forces and persons who are clearly not available for employment in such an occupation will be excluded from this computation.

(2) A separate survey must be made for each vocational course which is currently approved, or for which approval is being sought under the provisions of title 38, U. S. C., chapters 34 and 35.

b. Data to be Developed and Reported by the School

(1) A questionnaire, VA Form 22-8722, Occupational Graduate Employment Questionnaire, has been approved by the Office of Management and Budget under the Federal Reports Act (see Exhibit A). This questionnaire must be used by the schools unless they can demonstrate to the satisfaction of the State approving agency (subject to postreview and concurrence by the Veterans Administration) that they already are obtaining data on the employment experience of former trainees which is adequate to answer questions 1 through 4B of the questionnaire for at least 75 percent of the persons who have completed the course within the designated 2-year period. It will be necessary for the school to request a supply of the questionnaires through the local regional office. Requests for initial supplies should be conservative and subsequent needs will be met by additional requests for the forms. The schools must overprint, stamp or in some way show the school address at the top of the questionnaire. If the school wishes to ask additional questions, they may do so in an addendum (a separate sheet). If this is done, the school must clearly state, preceding the additional questions, that these questions are asked by the school and are not required by PL 93-508; the Office of Management and Budget approval number and the VA form number will not be printed on the addendum. At the option of the school, the questionnaire may be used as an interview schedule.

(2) Before the State approving agency agrees with a school that data already available to the school are adequate to answer questions 1 through 4B, it will be necessary for the SAA to ascertain that the school's data distinguish between employment which is closely related to the course and employment which is not closely related (see instructions for question 3 on exhibit A).

(3) The school will identify all persons who have completed or discontinued training in each approved course during the designated 2-year period and will make a reasonable effort to contact each and every one of the persons who completed the course (except when the use of a sample of these persons is authorized in accordance with instructions in exhibit C). A "reasonable effort to contact" will include search of the

applicable telephone directory to obtain a current telephone number or address of any persons not originally reached on the basis of the mailing address in the school records, as well as a request to the post office to forward letters to the new address of persons who have moved. Enclosure of a preaddressed, postage paid envelope is recommended. The school will retain records to document attempts made to reach graduates whom they designate as "unable to contact." This may be the envelope returned by the postal service because of "addressee unknown" or "moved and no forwarding address," etc.; augmented with memorandum or other evidence of unsuccessful attempts to find a current address using the telephone directory or other sources.

(4) It is expected that the school will obtain at least a 75 percent response rate from those graduates who receive the questionnaire or who are otherwise reached by the school. The school will continue to make followup mailings, or other efforts (telephone calls, visits, etc.) to obtain a response, until the 75 percent response goal is attained, or until they have made at least three attempts (over a period of two months) to obtain a response. If the 75 percent response goal is not reached, the school must have documentation to show that this minimum of three efforts was made to obtain a response from the nonrespondents (excluding "unable to contact" cases). If the final response rate is less than 55 percent, the computation will be made on the basis of a 55 percent response rate. Line 12 of VA Form 22-8723, Occupational Graduate Employment Report (Schools), is designed to provide that at least a 55 percent response rate is used in the analysis.

(5) Schools will maintain records of the methodology used in obtaining the survey information. If an interview is conducted, whether in person or by telephone, the record of the interview will be signed by the person conducting it. All survey records, or school records used in lieu of a survey, must be retained for each applicable course and must be readily available at the school for audit by the State approving agency and/or the Veterans Administration for a period of at least three years following the date of the school's report to the State approving agency. If the school engages outside help to conduct the survey, the school must make provision for the contractor to be available to answer questions which may be raised by the State approving agency or the Veterans Administration concerning the survey. However, the responsibility for an accurate and valid survey rests with the school and all survey records must be maintained at the school.

(6) The school will make a report to the State approving agency for each course surveyed using VA Form 22-8723, Occupational Graduate Employment Report (Schools) (see exhibit B). The first 6 lines of this report provide the basis for identification of the persons to be included in the survey, while lines 7 through 19 provide information concerning the results of the survey. Instructions for preparation of this report and development of a sample of former trainees, if applicable, are given in exhibits B and C. It is emphasized that schools must notify the State approving agency by July 1, 1975, either submitting the survey results or requesting an extension.

(7) The statement in item 4B of the questionnaire about taking the course for personal enrichment, avocational or recreational purposes only, is for checking, when applicable, by students who completed the course without assistance from the VA. Students are not permitted to receive educational assistance from the VA for pursuing a course for personal enrichment, avocational, or recreational purposes.

c. Data to be Compiled and Reported to the VA by the State Approving Agency. State approving agencies will use VA Form 22-8724, Occupational Graduate Employment Report (SAA) (see exhibit D) to report progress and status of the employment survey in their State. Nationwide surveys for correspondence schools will be reported by the State approving agency of the State in which the correspondence school is located. (See change 1)

d. Data to be Sent by the Field Station to VA Central Office. Correspondence courses which do not meet the criteria of this appendix will be reported immediately to Area Field Directors (223B) via TWX so that the information may be disseminated to all stations. Upon receipt of VA Form 22-8723, the VA Regional Office will enter in the designated spaces their two-digit regional office code, the eight-digit facility code and the three-digit course code applicable to each report. A clear reproduced copy of each report will be mailed to Central Office (042A1A); these copies will be accumulated and mailed at the end of each week during the period in which these reports are being forwarded by the State approving agency. In addition, a clear reproduced copy of VA Form 22-8724 will be mailed to Central Office (042A1A) by the 15th of the month following the end of reporting period. Details and procedures for a more extensive report will be released at a later date.

6. ACTION TO BE TAKEN BY THE STATE APPROVING AGENCY AND THE VA. In addition to the specific actions required by the preceding instructions, the State approving agency and the VA will be responsible for the following actions:

a. State Approving Agency

(1) In those surveys for any given course, where there is reason to challenge the validity of the survey, the

State approving agency will audit such surveys. Other surveys which meet the criteria of this appendix will be audited on a random spot-check basis during supervisory visits to schools.

(2) Certification of existing approvals, based upon satisfactory survey results or notification of noncertification because of failure to meet the criteria or delinquent action in completion of the survey, and for other reasons, will be given or mailed to the VA Liaison Representative. A VA Form 22-8723 will be submitted for each vocational course currently approved and a copy retained for SAA files.

(3) Where all of the graduates of a course over the designated 2-year period were on active duty in the Armed Forces of the U.S. at the time they completed the course, further enrollments will be allowed without restriction and the VA Form 22-8723 will be annotated by the SAA that the above fact was verified. Conversely, where all of the graduates over the designated 2-year period were not on active duty in the Armed Forces of the U.S., the course will be subject to the criteria of this circular.

(4) Every survey result submitted to the State approving agency will be checked for mathematical accuracy and compliance with required procedures.

b. Veterans Administration

(1) The RO will maintain an updated facilities approval file, which clearly indicates the current status of the approval relative to certification, or noncertification resulting from this survey. When reports are delinquent, for whatever reasons, further enrollment of VA trainees in such courses will not be allowed until such time as certification of the approval, based on satisfactory results of the survey, has been received from the State approving agency. A time extension for delinquent reports will not be granted in any case. The Liaison Representative will notify the Adjudication Division immediately upon receipt of certification or noncertification from the State approving agency pertaining to the status of affected courses, using a memo for the facilities approval file and sufficient copies for the Adjudication Division.

(2) Each VA Form 22-8723 received from the SAA will be reviewed to determine whether or not the exclusions allowed under item 13C, Personal Enrichment, Avocational, or Recreational Purposes Only, are significant enough to indicate that the course is generally avocational or recreational rather than vocational. If so indicated, the school should be contacted to supply any information they desire to overcome the presumption that the course is avocational or recreational.

Unless the presumption is overcome, the school will be notified by the Director of the field station that each individual veteran or eligible person must establish that the course will be of bona fide use in his or her present or contemplated business or occupation as required by VAR 14252(B)(4).

(3) As a part of the compliance survey function, VA regional office personnel will review State approving agency and school records on a spot-check basis to assure conformance with instructions and to verify that the school surveys were accomplished in a statistically valid and reliable manner, in accordance with the provisions of this appendix.

7. FORMS SUBMISSION

a. Schools. Schools having courses affected by this appendix have until July 1, 1975 to either submit two copies of VA Form 22-8723 for each of their courses to the SAA, or to request an extension of time from the SAA until November 1, 1975 to submit the forms for affected courses.

b. State Approving Agency. The SAA has until December 1, 1975 to forward the VA Forms 22-8723 to the regional office; however, submission of these forms as they are received is recommended. VA Form 22-8724 will be submitted initially for the period June 1, 1975 to July 31, 1975. Thereafter, it will be prepared at the end of the month and sent to the regional office in order to be received there by the fifth workday of the following month.

8. FALSE STATEMENTS. Willful false statements concerning matters in any document required by the law may subject the person to fine, imprisonment or both. Also, false statements may result in the discontinuance of payments to veterans and eligible persons enrolled in the school.

Rufus H. Wilson
RUFUS H. WILSON
Chief Benefits Director

Distribution: CO: RPC 2900
FD FLD: RPC 2223 plus 5 copies for Veterans Services Division in ROA;VBC & VROC,1 each;SAA and schools per VA Form 3-7225 and 3-7225a
EX: HNSO & AR, 1 each

DVB Circular 20-74-113
Appendix B
Exhibit A

May 12, 1975

(Insert school name and address or letterhead)
Downeast TV Repair School
5 Winterport Drive
Bangor, ME 04401

NAME OF GRADUATE
Robert C. Winding

ADDRESS OF GRADUATE
9 Duncan Rd.
Augusta, ME 04330

School records show that you completed the following course on the date shown

TITLE OF COURSE *(Program)*	DATE COMPLETED
TV Service Technician	July 15, 1973

We are required by Public Law 93-508 to obtain information for all persons completing the course identified above. This information will be provided to the State approving agency which approves courses for veterans training under the GI bill. It may also be made available to certain agencies of the Federal government.
THE INFORMATION YOU PROVIDE WILL BE USED FOR STATISTICAL PURPOSES ONLY AND YOU WILL NOT BE IDENTIFIED IN REPORTS PREPARED FROM THESE DATA.

Please provide answers to questions on the other side of this page. The instructions for each question are given below. If your address has changed from the one shown above, please give your new address in item 5 (Remarks).

Question 1: This question is intended to identify only those persons who were on active duty in the Armed Forces of the U.S. at the time they COMPLETED this course. Persons answering "YES" to question 1 should not complete the remainder of the questionnaire but should return it in the enclosed, pre-addressed envelope.

Question 2: This question is intended to identify persons who have worked in the specific occupational category for which the course was designed to provide training.

Question 3: This question is intended to identify persons who have worked in an occupational category of comparable level which is closely related to the occupational category for which the course was designed to provide training. You should answer "YES" only if the skills you have used from this course are essential for satisfactory performance of the "closely related" job. (For example: A keypunch operator is not a closely related job for a computer operator course; a local delivery truck driver is not a closely related job for a large diesel tractor trailer operator course.)

Question 4: This question is intended to identify persons who have not been available for employment in a directly related or closely related occupational category or who have been unwilling to accept a reasonable offer of such employment.

Form Approved
OMB No. 76-R0688

OCCUPATIONAL GRADUATE EMPLOYMENT QUESTIONNAIRE

REPORTS CONTROL SYMBOL 22-12

IMPORTANT Read instructions on reverse carefully before completing this questionnaire.

1. WERE YOU ON ACTIVE DUTY IN THE ARMED FORCES OF THE U.S. WHEN YOU COMPLETED THIS COURSE?

☐ YES (If "YES," no further questions need to be answered) ☒ NO (If "NO," continue to question 2A)

2A. SINCE COMPLETING THIS COURSE OF TRAINING HAVE YOU WORKED IN AN OCCUPATION DIRECTLY RELATED TO THIS TRAINING?

☒ YES (If "YES," complete Items 2B and 2C and then skip to Item 5A) ☐ NO (If "NO," continue to question 3A)

2B. OCCUPATION AND MOST IMPORTANT DUTIES OR ACTIVITIES

TV Repairman - Repair all makes and models of B/w and color TV sets.

2C. NAME AND ADDRESS OF THAT EMPLOYER

Bob's TV Repair
14 Crane St
Augusta, ME 04330

3A. SINCE COMPLETING THIS COURSE OF TRAINING HAVE YOU WORKED IN A CLOSELY RELATED JOB COMPARABLE IN LEVEL TO THE TYPE OF WORK FOR WHICH THIS COURSE PROVIDED TRAINING? (Answer "yes" only if the skills you have used from this course are essential for satisfactory performance of the "closely related" job.)

☐ YES (If "YES," complete Items 3B and 3C and skip to Item 5A) ☐ NO (If "NO," continue to question 4A)

3B. OCCUPATION AND MOST IMPORTANT DUTIES OR ACTIVITIES

3C. NAME AND ADDRESS OF THAT EMPLOYER

4A. SINCE YOU ANSWERED "NO" TO QUESTIONS 2A AND 3A, ABOVE, HAVE YOU BEEN AVAILABLE FOR EMPLOYMENT IN THE TYPE OF WORK FOR WHICH THIS COURSE PROVIDED TRAINING?

☐ YES (If "YES," skip to Item 5A) ☐ NO (If "NO," complete Item 4B)

4B. CHECK THE BOX BELOW WHICH BEST EXPLAINS WHY YOU HAVE NOT BEEN AVAILABLE FOR EMPLOYMENT IN THIS TYPE OF WORK

☐ I BECAME DISABLED AND CANNOT DO THIS TYPE OF WORK
☐ I BECAME PREGNANT, CAUSING ME TO FOREGO A NEW CAREER
☐ I WAS UNWILLING TO MOVE TO A NEW LOCALITY TO TAKE AN AVAILABLE JOB
☐ I HAVE CONTINUED MY SCHOOLING
☐ MY MARITAL STATUS CHANGED, CAUSING ME TO FOREGO A NEW CAREER
☐ OTHER REASONS (Explain)
☐ I TOOK THE COURSE FOR PERSONAL ENRICHMENT, AVOCATIONAL, OR RECREATIONAL PURPOSES ONLY (Not under the G.I. Bill)

5. REMARKS

6A. SIGNATURE OF GRADUATE
R. Winding

6B. DATE SIGNED
7-18-75

6C. GIVE TELEPHONE NUMBER WHERE YOU CAN BE REACHED
670-2812

THIS IS THE END OF THE QUESTIONNAIRE. THANK YOU FOR YOUR COOPERATION. PLEASE RETURN THE COMPLETED QUESTIONNAIRE IN THE ENCLOSED, PRE-ADDRESSED ENVELOPE. PLEASE MAIL IT TODAY.

TO BE COMPLETED BY SCHOOL

DATA PROVIDED BY

☒ QUESTIONNAIRE ☐ INTERVIEW ☐ SCHOOL RECORDS

DATA AUTHENTICATED BY (Signature and Title of school official)
James [illegible], Owner

DATE
8-5-75

VA FORM MAY 1975 22-8722

May 12, 1975

DVB Circular 20-74-113
Appendix B
Exhibit B

INSTRUCTIONS FOR THE OCCUPATIONAL GRADUATE EMPLOYMENT REPORT (SCHOOLS)

NOTE: The schools will submit to the State approving agencies employment questionnaire data for individual vocational courses.

LINE 1 - Enter on this line the number of persons who completed or discontinued training in the course during the stated time period. Persons will be identified as having discontinued training if they stopped training during the two year report period without completing the course and had not resumed training by the end of the cited two year period.

LINE 2 - Enter on this line the number of persons included on line 1 who were on active duty in the Armed Forces at the time they completed or discontinued training in this course.

LINE 3 - Enter on this line the difference between the numbers reported on lines 1 and 2.

LINE 4 - Enter on this line the number of persons reported on line 3 above who are in the "discontinued training" category. (Exclude servicemen and servicewomen.)

LINE 5 - Enter on this line the difference between the numbers reported on lines 3 and 4.

LINE 6 - Enter on this line the number of persons to be surveyed. This will be the same as the entry on line 5 unless that number exceeds 300. If the entry on line 5 does exceed 300, the number to be entered on line 6 may be developed in accordance with sampling instructions or the entire number from line 5 may be used.

LINE 7 - Enter on this line the number of persons in the survey (line 6) who were not contacted by the school. (Reasonable efforts must have been made by the school to contact all persons included in the survey.)

LINE 8 - Enter on this line the difference between the numbers on lines 6 and 7.

LINE 9 - Enter on this line the number of persons included on line 6 who did not respond or who refused to provide the requested information. The "no response" category will include persons who presumably were reached through the mail (the questionnaires were not returned as undelivered by the post office) but who did not respond.

LINE 10 - Enter on this line the number of persons included on line 6 who provided the requested information or for whom the necessary information already was available in the school files (line 8 minus line 9).

LINE 11 - This line is to be used only if the response rate attained (line 10 divided by line 8) is less than .55. When this occurs, compute the entry for line 11 by multiplying the entry on line 8 by .55 and rounding to the nearest whole number.

LINE 12 - Enter on this line the number from line 10, except if a larger number is on line 11 enter the number from line 11.

LINE 13 - Enter on this line the number of persons who are to be excluded from the analysis because the response established that the person completing the course has not been available for employment in the type of work for which the course provided training, or has unreasonably refused to accept such employment. In order to exclude a response on this basis it is necessary that the information obtained in the survey clearly establish that the person has not been available for such employment since completing the course or that the person has unreasonably refused offers of such employment. Also, persons who completed the course while receiving VA educational assistance can not be included in Item C. Any exclusions reported on Line 13 will be reported under the applicable reason listed under Line 13. The entry on Line 13 must equal the sum of the entries for those specific reasons. Note: In no instance will more than one reason for exclusion be reported for a person in the survey.

LINE 14 - The entry on this line will be derived by subtracting the entry on line 13 from the entry on line 10 and dividing the difference by the entry on line 10. Multiply the quotient by 100 and round the percent to the nearest 10th of a percent.

LINE 15 - Enter on this line the response base which has been further adjusted by allowing for deletion of exclusions. This computation has the effect of allowing for exclusions among any non-respondent added to the response base in line 12 above, at the same rate that exclusions occurred among the respondents. This entry will be derived by multiplying the entry on line 12 by the entry on line 14 and dividing by 100. Round to the nearest whole number. (Example 1: 145 X 67.6 = 98.)

LINE 16 - Enter on this line the number of respondents who have been employed in the specific occupational category for which the course was designed to provide training.

LINE 17 - Enter on this line the number of respondents who have been employed in a closely related occupational category which requires a high degree of use of skills learned from this course. Respondents will be included in this entry only if the skills used from this course are essential for satisfactory performance of the "closely related" job.

LINE 18 - Enter on this line the percent of respondents employed in the same type of work for which trained. Compute the entry for this line by dividing the entry on line 16 by the entry on line 15 and multiplying the quotient by 100. Round the percent to the nearest 10th of a percent.

LINE 19 - Enter on this line the percent of respondents employed in the same type of work for which trained, or in a closely related type of work. Compute the entry for this line by dividing the sum of the entries on lines 16 and 17 by the entry on line 15 and multiplying the quotient by 100. Round the percent to the nearest 10th of a percent.

EXAMPLE 1

Form Approved
OMB No. 76-R0488

VETERANS ADMINISTRATION

OCCUPATIONAL GRADUATE EMPLOYMENT REPORT (Schools)

REPORTS CONTROL SYMBOL 22-12

IMPORTANT–Read instructions on reverse carefully before completing this Form.

NAME AND ADDRESS OF SCHOOL
Automotive Technology, Inc.
417 Main St.
Bel Air, MD 21014

NAME OF COURSE (Program)
Auto Mechanic and
Carburetor Specialty

PERIOD DURING WHICH PERSONS COMPLETING OR DISCONTINUING TRAINING
March 1, 1973 to February 28, 1975

FOR VA USE ONLY

LINE NO.	DESCRIPTION	ENTRY	CARD COL.
1	PERSONS WHO COMPLETED OR DISCONTINUED TRAINING	3200	
2	PERSONS ON ACTIVE DUTY IN THE ARMED FORCES OF THE U.S.	150	
3	REMAINDER (Line 1 minus Line 2)	3050	1-4
4	NUMBER WHO DID NOT COMPLETE COURSE	762	5-8
5	REMAINDER (Line 3 minus Line 4)	2288	
6	PERSONS TO BE SURVEYED (If Line 5 is 300 or less, use Line 5. If Line 5 is greater than 300, sampling may be used.)	300	9-11
7	UNABLE TO CONTACT	36	12-14
8	PERSONS CONTACTED (Line 6 less 7)	264	
9	NO RESPONSE (Including refusals)	156	
10	TOTAL RESPONDENTS (Line 8 less 9)	108	15-17
11	MINIMUM ACCEPTABLE RESPONSE FOR PERSONS CONTACTED (Line 8 x .55) (Round to nearest whole number)	145	
12	RESPONSE BASE ADJUSTED FOR RESPONSE RATE (Enter number from line 10 or line 11, whichever is greater)	145	18-20
13	EXCLUDED RESPONSES – TOTAL	35	21-22
	A. DISABLED	2	23-24
	B. IN TRAINING	1	25-26
	C. PERSONAL ENRICHMENT, AVOCATIONAL, OR RECREATIONAL (Not under G.I. Bill)	2	27-28
	D. PREGNANT	1	29-30
	E. CHANGE IN MARITAL STATUS (cannot start new career)	4	31-32
	F. UNWILLING TO MOVE TO NEW LOCALITY	10	33-34
	G. OTHER VALID REASONS	15	35-36
14	PERCENT OF RESPONSES USED (Line 10-Line 13, divided by Line 10) (Round to nearest tenth of percent)	67.6	
15	RESPONSE BASE FURTHER ADJUSTED FOR EXCLUSIONS (Line 12 x Line 14) (Divided by 100) (Round to nearest whole number)	98	37-39
16	EMPLOYED IN TYPE OF WORK FOR WHICH TRAINED	18	40-42
17	EMPLOYED IN A CLOSELY RELATED TYPE OF WORK WHICH REQUIRES SUBSTANTIAL USAGE OF SKILLS LEARNED IN THIS COURSE	28	43-45
18	PERCENT EMPLOYED IN THE SAME TYPE OF WORK (Line 16 divided by Line 15) (Round to nearest tenth of a percent)	18.4	
19	PERCENT EMPLOYED IN THE SAME OR A CLOSELY RELATED TYPE OF WORK (Line 16 + Line 17 divided by Line 15) (Round to nearest tenth of a percent)	46.9	

SIGNATURE AND TITLE OF SCHOOL OFFICIAL: Sandra Stern, President
DATE: August 15, 1975

CERTIFICATION BY STATE APPROVING AGENCY – This report has been checked and we find that it ☐ Does, ☒ Does Not support at least a 50 percent employment level in the same or a closely related type of work for which trained.

SIGNATURE AND TITLE OF CERTIFYING OFFICIAL: W[illegible] E. [illegible], Consultant
DATE: August 25, 1975

FOR VA USE ONLY ▶ COURSE CODE (CC 46-48) FACILITY CODE (CC 49-51) RO NUMBER (CC 56-57)

VA FORM MAY 1973 22-8723

DVB Circular 20-74-113
Appendix B
Exhibit B (con.)

Example 2

May 12, 1975

Form Approved
OMB No. 76-R0688

VETERANS ADMINISTRATION

OCCUPATIONAL GRADUATE EMPLOYMENT REPORT (Schools)

REPORTS CONTROL SYMBOL 22-12

IMPORTANT–Read instructions on reverse carefully before completing this Form.

NAME AND ADDRESS OF SCHOOL
Downeast TV Repair School
5 Winterport Drive
Bangor, ME 04401

NAME OF COURSE (Program)
TV Service Technician

PERIOD COVERING PERSONS COMPLETING OR DISCONTINUING TRAINING
March 1, 1973 TO February 28, 1975

LINE NO.	DESCRIPTION	ENTRY	FOR VA USE ONLY CARD COL.
1	PERSONS WHO COMPLETED OR DISCONTINUED TRAINING	480	
2	PERSONS ON ACTIVE DUTY IN THE ARMED FORCES OF THE U.S.	75	
3	REMAINDER *(Line 1 minus Line 2)*	405	1-4
4	NUMBER WHO DID NOT COMPLETE COURSE	108	5-8
5	REMAINDER *(Line 3 minus Line 4)*	297	
6	PERSONS TO BE SURVEYED *(If Line 5 is 300 or less, use Line 5. If Line 5 is greater than 300, sampling may be used)*	297	9-11
7	UNABLE TO CONTACT	64	12-14
8	PERSONS CONTACTED *(Line 6 less 7)*	233	
9	NO RESPONSE *(Including refusals)*	48	
10	TOTAL RESPONDENTS *(Line 8 less 9)*	185	15-17
11	MINIMUM ACCEPTABLE RESPONSE FOR PERSONS CONTACTED *(Line 8 x .55) (Round to nearest whole number)*	128	
12	RESPONSE BASE ADJUSTED FOR RESPONSE RATE *(Enter number from line 10 or line 11, whichever is greater)*	185	18-20
13	EXCLUDED RESPONSES - TOTAL	24	21-22
	A. DISABLED	1	23-24
	B. IN TRAINING	2	25-26
	C. PERSONAL ENRICHMENT, AVOCATIONAL, OR RECREATIONAL *(Not under G.I. Bill)*	3	27-28
	D. PREGNANT	6	29-30
	E. CHANGE IN MARITAL STATUS *(cannot start new career)*	2	31-32
	F. UNWILLING TO MOVE TO NEW LOCALITY	4	33-34
	G. OTHER VALID REASONS	5	35-36
14	PERCENT OF RESPONSES USED *(Line 10-Line 13, divided by Line 10) (Round to nearest tenth of percent)*	87.0	
15	RESPONSE BASE FURTHER ADJUSTED FOR EXCLUSIONS *(Line 12 x Line 14) (Divided by 100) (Round to nearest whole number)*	161	37-39
16	EMPLOYED IN TYPE OF WORK FOR WHICH TRAINED	39	40-42
17	EMPLOYED IN A CLOSELY RELATED TYPE OF WORK WHICH REQUIRES SUBSTANTIAL USAGE OF SKILLS LEARNED IN THIS COURSE	48	43-45
18	PERCENT EMPLOYED IN THE SAME TYPE OF WORK *(Line 16 divided by Line 15) (Round to nearest tenth of a percent)*	24.2	
19	PERCENT EMPLOYED IN THE SAME OR A CLOSELY RELATED TYPE OF WORK *(Line 16 + Line 17, divided by Line 15) (Round to nearest tenth of a percent)*	54.0	

SIGNATURE AND TITLE OF SCHOOL OFFICIAL: James Zink, Owner
DATE: 8-2-75

CERTIFICATION BY STATE APPROVING AGENCY – This report has been checked and we find that it ☒ Does. ☐ Does Not support at least a 50 percent employment level in the same or a closely related type of work for which trained.

SIGNATURE AND TITLE OF CERTIFYING OFFICIAL: Larry Anderson, Field Consultant
DATE: August 23 1975

FOR VA USE ONLY ▶ COURSE CODE (CC 46-48) FACILITY CODE (CC 49-55) RO NUMBER (CC 56-57)

VA FORM MAY 1975 **22-8723**

SELECTION OF GRADUATES TO BE SURVEYED
(LINE 6 OF VA FORM 22-8723)

1. Schools having courses for which the entry on line 5 of VA Form 22-8723 is 300 or less will survey all graduates of such courses (i.e., they will survey the number of students given on line 5 of the report).

2. Schools having courses for which the entry on line 5 of VA Form 22-8723 is greater than 300 will have the option of either surveying all or a sample of the graduates.

a. If the total survey option is elected, then the number given on line 5 will be entered on line 6.

b. If the sampling option is elected, the method used must produce data from which statistically valid and reliable results can be derived.

3. Prior to selection of the sample, the graduates' records must be separately aggregated and/or sequentially numbered (e.g., if the file contains records not to be considered in the survey, the records which are to be considered may be removed to a separate file or they may be numbered as they occur in the file).

4. A table of random numbers [1] may be used to select a simple random sample of 300 graduates from the total number reported on line 5 of VA Form 22-8723. To illustrate the use of this procedure, a sample page of random numbers is attached to this instruction and an illustrative example of its usage is given below:

a. The problem is to select 300 different random numbers whose numeric values range from one to the total number of graduates reported on line 5, VA Form 22-8723. These random numbers will then be associated with records which have been assigned sequence numbers (see paragraph 3) which are equal to the selected random numbers. The 300 graduates thus selected would be sent questionnaires.

b. Steps in this procedure are described and illustrated as follows:

---

[1] Books containing tables of random numbers and a description of their usage generally are available in public libraries.

(1) Establish the total number of graduates from which the selection is to be made. In this example, assume that the number on line 5 of VA Form 22-8723 is 1276.

(2) Establish the number of digits involved in this number. In this example the number is 1276, so the number of digits involved is four.

(3) Pick any arbitrary place on any page of the "book" of random numbers as a starting point. For example, the tenth row in the eleventh column of the sample page of random numbers might be picked as the random starting point (85).

(4) From this starting point, select consecutive groups of numbers equal to the number of digits in the total number of graduates (see subparagraph (2)). For example, the random starting point shows the number 8513. A sequential pick of other four-digit numbers results in the following picks: 9924, 4449, 1809, 7949, 7416, 3223, 0257, 3527, 3372, 2453, 6394, 0941, 1076, 4791, 4404, 9549, 6639, 6004, 5981, 4850, 8654, 4822, 0634, etc. The numbers underlined are to be used for selecting the sample: all the other numbers cited do not fit within the total number (1276) from which the sample is to be drawn, so they will be discarded.

(5) From the random numbers which will be picked to select a sample of 300, exclude "0000", any duplicate numbers, and any numbers higher than the total number of graduates reported on line 5 of VA Form 22-8723. Thus, from the random numbers cited in subparagraph (4) above, only four would be used (257, 941, 1076 and 634).

(6) The process illustrated in subparagraph (4) above would be continued until 300 usable numbers are selected, all of which must be different.

5. The example cited in paragraph 4 above is illustrative only and the schools will not use the attached page of random numbers as a basis for their sample selection. However, the method illustrated is to be used.

SAMPLE OF RANDOM NUMBERS

93 43 69 64 07	34 18 04 52 35	56 27 09 24 86	61 85 53 83 45	19 90 70 99 00
21 96 60 12 99	11 20 99 45 18	48 13 93 55 34	18 37 79 49 90	65 97 38 20 46
95 20 47 97 97	27 37 83 28 71	00 06 41 41 74	45 89 09 39 84	51 67 11 52 49
97 86 21 78 73	10 65 81 92 59	58 76 17 14 97	04 76 62 16 17	17 95 70 45 80
69 92 06 34 13	59 71 74 17 32	27 55 10 24 19	23 71 82 13 74	63 52 52 01 41
93 22 53 64 39	07 10 63 76 35	87 03 04 79 88	08 13 13 85 51	55 34 57 72 69
78 76 58 54 74	92 38 70 96 92	52 06 79 79 45	82 63 18 27 44	69 66 92 19 09
23 68 35 26 00	99 53 93 61 28	52 70 05 48 34	56 65 05 61 86	90 92 10 70 80
15 39 25 70 99	93 86 52 77 65	15 33 59 05 28	22 87 26 07 47	86 96 98 29 06
58 71 96 30 24	18 46 23 34 27	85 13 99 24 44	49 18 09 79 49	74 16 32 23 02
57 35 27 33 72	24 53 63 94 09	41 10 76 47 91	44 04 95 49 66	39 60 04 59 81
48 50 86 54 48	22 06 34 72 52	82 21 15 65 20	33 29 94 71 11	15 91 29 12 03
61 96 48 95 03	07 16 39 33 66	98 56 10 56 79	77 21 30 27 12	90 49 22 23 62
36 93 89 41 26	29 70 83 63 51	99 74 20 52 36	87 09 41 15 09	98 60 16 03 03
18 87 00 42 31	57 90 12 02 07	23 47 37 17 31	54 08 01 88 63	39 41 88 92 10
26 29 13 56 41	85 47 04 66 08	34 72 57 59 13	82 43 80 46 15	38 26 61 70 04
77 80 20 75 82	72 82 32 99 90	63 95 73 76 63	89 73 44 99 05	48 67 26 43 18
46 40 66 44 52	91 36 74 43 53	30 82 13 54 00	78 45 63 98 35	55 03 36 67 68
37 56 08 18 09	77 53 84 46 47	31 91 18 95 58	24 16 74 11 53	44 10 13 85 57
61 65 61 68 66	37 27 47 39 19	84 83 70 07 48	53 21 40 06 71	95 06 79 88 54
22 17 68 65 84	68 95 23 92 35	87 02 22 57 51	61 09 43 95 06	58 24 82 03 47
19 36 27 59 46	13 79 93 37 55	39 77 32 77 09	85 52 05 30 62	47 83 51 62 74
16 77 23 02 77	09 61 87 25 21	28 06 24 25 93	16 71 13 59 78	23 05 47 47 25
78 43 76 71 61	20 44 90 32 64	97 67 63 99 61	46 38 03 93 22	69 81 21 99 21
03 28 28 26 08	73 37 32 04 05	69 30 16 09 05	88 69 58 28 99	35 07 44 75 47
02 89 08 04 49	20 21 14 68 86	87 63 93 95 17	11 29 01 95 80	35 14 97 35 33
87 18 15 89 79	85 43 01 72 73	08 61 74 51 69	89 74 39 82 15	94 51 33 41 67
98 83 71 94 22	59 97 50 99 52	08 52 85 08 40	87 80 61 65 31	91 51 80 32 44
10 08 58 21 66	72 68 49 29 31	89 85 84 46 06	59 73 19 85 23	65 09 29 75 63
47 90 56 10 08	88 02 84 27 83	42 29 72 23 19	66 56 45 65 79	20 71 53 20 25
88 56 53 27 59	33 35 72 67 47	77 34 55 45 70	08 18 27 38 90	16 95 86 70 75
09 72 95 84 29	49 41 31 06 70	42 38 06 45 18	64 84 73 31 65	52 53 37 97 15
12 96 88 17 31	65 19 69 02 83	60 75 86 90 68	24 64 19 35 51	56 61 87 39 12
85 94 57 24 16	92 09 84 38 76	22 00 27 69 85	29 81 94 78 70	21 94 47 90 12
38 64 43 59 98	98 77 87 68 07	91 51 67 62 44	40 98 05 93 78	23 32 65 41 18
22 85 61 68 90	49 64 92 85 44	16 40 12 89 88	50 14 49 81 06	01 82 77 45 12
67 80 43 79 33	12 83 11 41 16	25 58 19 68 70	77 02 54 00 52	53 43 37 15 26
27 62 50 96 72	79 44 61 40 15	14 53 40 65 39	27 31 58 50 28	11 39 03 34 25
33 78 80 87 15	38 30 06 38 21	14 47 47 07 26	54 96 87 53 32	40 36 40 96 76
13 13 92 66 99	47 24 49 57 74	32 25 43 62 17	10 97 11 69 84	99 63 22 32 98
04 31 17 21 56	33 73 99 19 87	26 72 39 27 67	53 77 57 68 93	60 61 97 22 61
61 06 98 03 91	87 14 77 43 96	43 00 65 98 50	45 60 33 01 07	98 99 46 50 47
85 93 85 86 88	72 87 08 62 40	16 06 10 89 20	23 21 34 74 97	76 38 03 29 63
21 74 32 47 45	73 96 07 94 52	09 65 90 77 47	25 76 16 19 33	53 05 70 53 30
15 69 53 82 80	79 96 23 53 10	65 39 07 16 29	45 33 02 43 70	02 87 40 41 45
53 44 09 42 72	00 41 86 79 79	68 47 22 00 20	35 55 31 51 51	00 83 63 22 55
40 76 66 26 84	57 99 99 90 37	36 63 32 08 58	37 40 13 68 97	87 64 81 07 83
02 17 79 18 05	12 59 52 57 02	22 07 90 47 03	28 14 11 30 79	20 69 22 40 98
95 17 82 06 53	31 51 10 96 46	92 06 88 07 77	56 11 50 81 69	40 23 72 51 39
35 76 22 42 92	96 11 83 44 80	34 68 35 48 77	33 42 40 90 60	73 96 53 97 86

May 12, 1975

DVB Circular 20-74-113
Appendix B
Exhibit D

Form Approved
OMB No. 76-R0688

VETERANS ADMINISTRATION

OCCUPATIONAL GRADUATE EMPLOYMENT REPORT (State Approving Agency)

REPORT FOR PERIOD ENDING: September 30, 1975

RCS 22-12

IMPORTANT Read instructions on reverse carefully before completing this form.

NAME AND ADDRESS OF STATE APPROVING AGENCY SUBMITTING REPORT:
State Department of Education and
Cultural Services
29 Chapel St.
Augusta, ME 04330

REPORT SUBMITTED TO:
Director
Veterans Administration
Togus ME 04330

SECTION A - SURVEY INFORMATION

LINE NO.	DESCRIPTION	CURRENT PERIOD	CUMULATIVE SINCE BEGINNING
1	NUMBER OF COURSES REPORTED	25	73
2	50 PERCENT LEVEL CLAIMED	15	46
3	50 PERCENT LEVEL NOT CLAIMED	10	27
4	NUMBER OF SCHOOLS DELINQUENT IN REPORTING	35	
5	COURSES DELINQUENT	53	
6	SURVEYS CERTIFIED TO REGIONAL OFFICE – TOTAL	20	67
7	ACCEPTABLE SCORES	12	50
8	UNACCEPTABLE SCORES	8	17
9	SAA VALIDATION SURVEYS SCHEDULED – TOTAL	5	20
10	NOT YET INITIATED	1	
11	IN PROCESS	2	
12	COMPLETED	2	10
13	CONSISTENT FINDINGS	1	8
14	MODIFIED RATE BUT PASSED	1	1
15	UNACCEPTABLE – LOW SCORE	0	1
16	REJECTED – INVALID PROCEDURE	0	0

SECTION B - EMPLOYMENT RATES FOR PERSONS TRAINING IN VOCATIONAL COURSES

(Number of Courses Certified by Percent Employed)

CATEGORY OF COURSE	SAME OR HIGHLY RELATED CATEGORY										
	0-9	10-19	20-29	30-39	40-49	50-59	60-69	70-79	80-89	90-100	TOTAL
TOTAL ALL COURSES				7	10	27	17	6			67
AIR CONDITIONING				1		1	2	1			5
BUSINESS AND COMMERCE				2	4	5	2	2			15
COMPUTER - TECHNOLOGY						3	4				7
CONSTRUCTION TRADES					2	5	2	1			10
DRAFTING				1		3	1				5
ELECTRICAL							1				1
ELECTRONIC				2	4	5	2	2			15
HEALTH SERVICES						1	1				2
HEAVY EQUIPMENT OPERATOR				1		2	2				5
MACHINE OPERATOR											
MECHANICS AND REPAIRMEN											
METAL WORKERS											
PROTECTIVE SERVICES (including Policemen and Firemen)											
SALES (including retail sales)						2					2
SERVICES OCCUPATIONS											

NAME AND TITLE OF OFFICIAL SUBMITTING REPORT: Jerry Anderson, Field Consultant

DATE: 9-30-75

VA FORM MAY 1975 22-8724

INSTRUCTIONS FOR THE OCCUPATIONAL GRADUATE EMPLOYMENT REPORT (SAA)

NOTE. The report will be submitted initially for the period beginning June 1, 1975 and ending July 31, 1975. The report will be due in the Veterans Administration Regional Office by the fifth workday following the end of each month.

SECTION A. SURVEY INFORMATION - Two data columns are shown. Enter in the column headed "Current Period" data applicable to the month being reported except that the initial report will include all applicable data prior to the end of the initial report period. Enter in the column headed "Cumulative Since Beginning" the sum of applicable data reported for the current period and for all periods. Instructions for the line entries in Section A are as follows:

LINE 1 - Enter on this line the number of courses for which survey data have been provided by schools.

LINE 2 - Enter on this line the number of courses for which the school survey claimed a 50 percent (or higher) level of employment in the same or a closely related objective.

LINE 3 - Enter on this line the number of courses for which the school survey claimed less than a 50 percent level of employment in the same or a closely related objective.

LINE 4 - Enter on this line the number of schools which have not submitted survey data covering each of their courses approved for training under chapter 34 or chapter 35. (No data will be reported in the cumulative column.)

LINE 5 - Enter on this line the number of courses for which a survey has not been received by the State approving agency. (No data will be reported in the cumulative column.)

LINE 6 - Enter on this line the number of surveys for individual courses which have been certified by the State approving agency and forwarded to the VARO.

LINE 7 - Enter on this line the number of surveys for which a 50 percent or higher level of employment in the same or closely related objective have been certified.

LINE 8 - Enter on this line the number of surveys for which less than 50 percent level of employment in the same or closely related objective have been certified.

LINE 9 - Enter on this line the number of courses for which the State approving agency has scheduled a validation survey.

LINE 10 - Enter on this line the number of validations scheduled but not yet initiated. (No data will be reported in the cumulative column.)

LINE 11 - Enter on this line the number of validation surveys currently in process. (No data will be reported in the cumulative column.)

LINE 12 - Enter on this line the number of validation surveys which have been completed.

LINE 13 - Enter on this line the number of completed validation surveys in which the State approving agency confirmed the original findings of the school (did not change the claimed percentage employment level in the same or closely related objective).

LINE 14 - Enter on this line the number of completed validation surveys in which the claimed percentage of employment level was modified but confirmed to be 50 percent or higher.

LINE 15 - Enter on this line the number of completed validation surveys which modified the employment level to less than 50 percent or which confirmed the survey finding of less than 50 percent.

LINE 16 - Enter on this line the number of completed validation surveys which reject the findings of the school on the basis of an invalid procedure.

SECTION B. EMPLOYMENT RATES FOR PERSONS TRAINING IN VOCATIONAL COURSES - Report in Section B each survey which has been certified to the regional office, indicating for each course the category of course and the percentage score for that course. For example: A course in auto mechanics which was certified with an employment level of 56 percent would be reported on the line for "mechanics and repairmen" in the column headed "50 - 59". Section B will be reported on a cumulative basis for each report period, adding newly certified courses as they occur.

Department of Veterans Benefits
Veterans Administration
Washington, D. C. 20420

DVB Circular 20-74-113
Change 8
(Confirming Teletype Trans.)
July 1, 1975

SURVEY IN EMPLOYMENT FOLLOWING TRAINING IN VOCATIONAL COURSES
(RCS 22-12)

DVB Circular 20-74-113, appendix B, is changed as follows:

Page 1, paragraph 1, line 9: Delete "training establishments" and insert

"programs, farm cooperative courses, cooperative courses which lead to an educational objective, and any course which leads to a professional objective".

Rufus H. Wilson
RUFUS H. WILSON
Chief Benefits Director

Distribution: CO: RPC 2900
FD FLD: RPC 2223 plus 5 copies for Veterans Services Division in ROA;VBC & VROC,1 each; SAA and schools per VA Form 37225 and 3-7225a
EX: HNSO & AR, 1 each

NOTE: Distribution of change 7 was limited to only those activities concerned.

544453

Department of Veterans Benefits
Veterans Administration
Washington, D. C. 20420

DVB Circular 20-74-113
Change 11
September 25, 1975

SURVEY OF EMPLOYMENT FOLLOWING TRAINING IN VOCATIONAL COURSES
(RCS 22-12)

DVB Circular 20-74-113, appendix B, is changed as follows:

page 7, paragraph 5c: After last sentence add

" On line 1, Number of Courses Reported, do not include courses which do not have any graduates. On line 4, Number of Schools Delinquent In Reporting, include only those schools which did not submit a completed VA Form 22-8723, and did not request an extension of the deadline. Beginning with the report for the month of November (due in Central Office in December) report schools which have not submitted surveys for all of their approved courses. In Section B, Employment Rates for Persons Training In Vocational Courses, tally flight training courses on the line labeled Business and Commerce."

Rufus H. Wilson
RUFUS H. WILSON
Chief Benefits Director

Distribution: CO: RPC 2900
FD FLD: RPC 2223 plus 5 copies for Veterans Services Division in ROA;VBC & VROC,1 each; SAA & schools per VA Form 3-7225 & 3-7225a
EX: HNSO & AR, 1 each

547593

[Subsequently, the following reports of the House Appropriations Committee and of the General Accounting Office were ordered placed in the record at this point:]

March 5, 1976

MEMORANDUM FOR THE CHAIRMAN

Re: Overpayments of Readjustment Benefits
of the Veterans Administration

By directive dated November 7, 1975, the Committee requested a comprehensive investigation be made of overpayments of readjustment benefits under the Veterans Administration, including a determination of the extent of the abuse of education benefits, the contributing causes including the significance of advance and special payments, and the appropriate responsibilities of the veteran, school and State Approving Agencies in potential overpayments.

The investigation has been completed and the results are set forth in this report.

Respectfully submitted,

David A Schmidt
David A. Schmidt, Director
Surveys and Investigations Staff
House Appropriations Committee

C R Anderson
C. R. Anderson
Chief of the Surveys and
Investigations Staff
House Appropriations Committee

I. INTRODUCTION

A. Directive

By directive dated November 7, 1975, the Committee asked for a comprehensive investigation of overpayments in the Readjustment Benefits Appropriation of the Veterans Administration. Areas of specific interest were the extent of the abuse of education benefits and contributing causes including the significance of advance and special payments, the responsibilities of the veteran, schools or institutions, and State Approving Agencies in potential overpayments, and the role of automated programs and equipment in program management.

B. Scope of Investigation

In conducting this investigation of education overpayments, the Investigative Staff interviewed appropriate Veterans Administration (VA) officials of the VA's Central Office, especially the Office of the Controller and the Department of Veterans Benefits where we examined pertinent records, manuals, reports, regulations, and special studies. We also visited the following regional offices and data processing centers:

-- St. Paul Regional Office and Data Processing Center
St Paul, Minnesota

-- Hines Data Processing Center
Hines, Illinois

-- Atlanta Regional Office
Atlanta, Georgia

-- St. Petersburg Regional Office
St. Petersburg, Florida

-- Baltimore Regional Office
Baltimore, Maryland

-- Washington Regional Office
Washington, D.C.

We visited and interviewed officials of the State Approving Agencies of the States of Minnesota and Georgia.

During the course of the study we contacted the staff of the U.S. General Accounting Office, who also were conducting a study of education overpayments.

II. OBSERVATIONS AND RECOMMENDATIONS

A. Observations

In its review of overpayments of readjustment benefits in the Veterans Administration (VA), the Investigative Staff found that overpayments of education assistance benefits increased in the past 5 years from $51 million in FY 1972 to an estimated $823 million in FY 1976. The abnormal growth and continuing high level of overpayments was largely due to (1) legislative actions which provided for advance and prepayment of education assistance benefits; (2) administrative actions or inaction by the VA which removed essential controls over student attendance and bars to payment of benefits, and failure of the VA to react to the effect of reduced controls over benefits by the legislative and administrative changes by providing for increased surveillance of schools; and (3) changes in school policy in which most schools no longer took attendance and, therefore, could not or would not report to the VA when a veteran terminated or otherwise changed his training status; also, open enrollment and liberal withdrawal policies which led to receipt of benefits by students not actually in training or not making satisfactory progress toward an educational objective.

These legislative enactments, administrative actions, and school policy changes provided the opportunity for increased abuse of the education program. The Investigative Staff does not know the exact extent of the abuse, nor does the VA; however, based on our review the Investigative Staff believes the abuse is much more widespread than recognized by the VA.

1. Legislative Changes Leading to Increased Abuses

Advance and prepayment of educational assistance allowances (PL 92-540) were implemented by the VA on August 1, 1973, and November 1, 1972, respectively. Prior to this veterans were paid at the end of the month for attendance at an institution. Under the advance payment provision, educational assistance payments of up to 2 months of benefits could be paid 30 days in advance of the date training commences. Prepayment requires that benefits be paid monthly in advance. In both cases school attendance for the period is assumed. If the veteran did not enroll or "dropped out," overpayment resulted. In FY 1973, the first year the prepayment provision was in effect, overpayments nearly tripled from $51 million to $142 million. The effect of its sharp increase in overpayments carried over to the VA's collection activities which could not keep up; and accounts receivable or uncollected overpayments for that year also tripled, from $20 million to $60 million.

The advance and prepayment provisions were one of the causes for the large increases in overpayments of education benefits, particularly in the period following implementation.

However, the Investigative Staff believes that too much of the blame for overpayments is attributed by the VA to advance and prepayments. These provisions have now been in effect for nearly 3 years and--even when the increases in trainees and benefits that have taken place are considered--the rate at which overpayments grew as a result of advance and prepayments should have leveled off by now. On the contrary, overpayments have continued to grow at an unprecedented rate. For the first 6 months of FY 1976, overpayments were $412 million--almost as much as for the entire previous year. The Investigative Staff believes that the continuing high level of overpayments can be attributed in large part to the VA's loss of control over its administration of the education program and abuses of the education program by students and institutions.

2. Administrative Changes and Removal of Bars to Payment

Under the Korean Conflict GI Bill, monthly certifications of attendance were required or payment was withheld by the VA. These certifications were to be signed by both the student and an official of the institution he attended. Under the current GI Bill, PL 89-358 (1966), the monthly "cert" requirement was omitted and it was left to the Administration of the VA to prescribe regulations concerning the certification of enrollments and attendance.

Initially, the Administrator established a term certification for institutions of higher learning (IHL), which required a student to certify his attendance on an annual or semester basis depending upon the enrollment period. However, the VA still required students attending a non-college-degree (NCD) institution to certify attendance monthly. The period after 1972, however, was characterized by a growing emphasis on making payments at the expense of controls and finally, in FY 1975, the VA dropped all bars to benefits due to nonreceipt of the certification of attendance for college-level students, and changed the monthly certification of attendance for NCD students to a quarterly requirement.

3. Special Payments

In July 1974 the VA eliminated the term "hardship" payment for those expedited payments made directly to the veteran where financial hardship was evidenced by the veteran. The term "special pay" was substituted, and hardship is no longer the criteria for making special payments. In FY 1975, over 100,000 of these special payments, valued at $43 million, became overpayments and contributed to the high levels of education overpayments.

Reacting to pressure applied from many sources, the VA implemented these administrative changes which accomplished the intended purpose of speeding up delivery of the veteran's check. But, at the same time, these changes reduced the VA's control over whether the veteran was actually entitled to receive the benefits. The administrative actions taken by the VA opened the door further to abuse of the education programs and contributed significantly to the rapid growth of overpayments.

4. Changes in School Policies That Led to Abuses of Educational Benefits

Many changes occurred in school policies which provided great opportunities for abuse of the VA educational assistance programs by schools and veterans. Many institutions of higher learning no longer took attendance, so they did not know if a veteran was attending classes nor could they provide the VA with an exact date as to when a student terminated. Other changes such as open enrollments and liberal withdrawal policies have led to receipt of benefits by students not actually in training. A student may enroll for full-time training, receive VA benefits for a semester, and withdraw prior to examination time without ever attending class. In many instances schools continue to enroll him in the same class repeating the abuse. Abuses relating to class attendance and progress towards satisfactory completion of educational objectives appear to be widespread.

The Investigative Staff reviewed many cases of abuse of education programs by schools and veterans and it is evident that these abuses play a major role in the continuing high level of overpayments.

While VA has taken some actions to reduce the incidence of overpayments and to improve collection, there has been no effect to date on slowing the rate at which overpayments are being made. The overpayments balance also continues to climb. In 1975 the overpayments balance reached $220 million, and in 1976 it will be almost double that figure, climbing to $376 million.

The Investigative Staff is of the opinion the overpayments problem will persist and continue to increase unless stronger action is taken by VA to reduce overpayments and to improve collection. Of particular concern is the attitude of some high-level officials in the VA that the overpayments problem is a normal and expected cost of operating the education program. This attitude is not conducive to effective corrective action and, while recommendations for improved procedure are set forth hereinafter, it is up to the VA to curb the billion dollar problem that exists.

B. Recommendations

The following recommendations of the Investigative Staff concern actions which would help to improve VA's overpayments problem.

1. Reimpose Certifications of Attendance

Every quarter the VA should mail an attendance certificate to each college-level veteran receiving benefits. The certificate would state the veteran is still attending the institution, is in good standing, and is taking the course load for which he is receiving benefits. The veteran must sign the certificate, have a school representative sign it, then mail it back to the VA. If not returned within 30 days, benefits checks would be discontinued until the veteran contacts and VA and explains the circumstances. The attendance certificate should also point out the submission of false information may constitute a violation of Federal law.

This recommendation is intended to make veterans more aware of their responsibility to report changes in training to the VA. It may make veterans think twice before cashing benefits checks they are not entitled to receive.

2. Require Timely Reporting by Schools and Require Schools to Enforce Standards of Progress

The VA is working on changes to its regulations that require schools to report changes and terminations promptly, and that require schools to adopt and enforce standards of academic progress. The VA appears to be relying heavily on this approach to correct many of the abuses and problems of the education program.

The Investigative Staff believes the standards of progress regulations should be enforced by the VA and policed by compliance surveys--this action will do much to reduce overpayments. Most importantly, the regulations should help to eliminate the most distasteful aspect of the education program--the abusers who are deliberately taking education benefits with no intention of using the benefits for their intended purpose.

Where schools do not comply with the new regulations, the VA should hold them liable for overpayments which result.

3. VA Should Conduct an Analysis of Overpayments

In the past few years overpayments have climbed at a spectacular rate. The climb began when prepayments and advance payments were authorized. The puzzling thing about the increase in overpayments is determining what has caused them. Overpayments are created by only a few conditions, and it is unfathomable that these conditions could cause the sharp, immediate rise in overpayments that took place.

The following are the conditions that can cause an overpayment:

-- A veteran receiving benefits drops out of school and continues to receive benefits.

-- A veteran reduces his credit load from full-time to less than full-time, but continues to receive benefits for full-time attendance.

-- A veteran receives a special payment, in addition to his regular payment; that is, he receives one check too many.

-- There is a reduction in the number of a veteran's dependents but his benefits are not reduced accordingly.

It is hard to believe that there are enough incidences of the foregoing to account for the way overpayments have skyrocketed. The VA cannot explain this; consequently, it is recommended that the VA conduct a study of the nature of overpayments which may disclose problems that have not heretofore been recognized.

4. Require a Stronger Compliance Survey Program

In view of the problems the VA has had with schools' reporting and recordkeeping, and with students who are drawing benefits without making satisfactory academic progress, the role of compliance survey should be strengthened.

Compliance survey should play an even larger role with the new requirements the VA is going to place on schools regarding timely reporting and standards of progress.

Commitment to a good compliance survey program should come from the VA Administrator. At present compliance survey positions and workload are primarily controlled by regional office directors, each of whom has his own ideas on the priority of programs. The VA Administrator should impress on the directors the high priority that should be given to compliance survey. Because the Investigative Staff found indications that the compliance survey staff needs better training, it is also recommended that the VA set up a formal training program for them.

5. Limit the Use of Special Payments

Special payments are payments which are made outside of the regular pay system. Special pays were once limited to use in hardship circumstances where veterans were unable to wait until their check could be processed through normal channels. The number of special pays has increased, however. In December 1975, special pays numbered over 62,000 checks, valued at $40 million. Hardship is no longer a criteria for making a special pay. Some stations use special pay procedures to process all initial enrollments. This puts a strain on the pay system and it increases the possibility of overpayment because regular pays are sometimes mistakenly processed in addition to the special pays.

Because of these disadvantages, it is recommended the widespread use of special pays be stopped and special pays be used only in hardship circumstances.

6. CARS Data Files Should be Updated More Frequently

Many of the problems found with the efforts to collect VA's overpayments were the result of incorrect information in the Centralized

Accounts Receivable System (CARS). At present, data in the system is updated once a month. This is not frequent enough and results in erroneous collection letters, a backlog of inquiries and complaints, and incorrect debt repayments by veterans.

Recently, a study team looked into the possibility of increasing the data input cycles at CARS. It appears that starting in April input cycles will be increased from one to six times a month. This should be implemented as promptly as possible.

7. Changes Should be Made in the Collection Letter Used by the VA

The collection letters used by the VA are not strong enough, nor do they contain enough information regarding the overpayment. The Investigative Staff recommends the following changes:

(a) Removal of the waiver paragraph. As now written, the waiver paragraph in the first collection letter provides the means for a debtor to thwart the VA's collection of his overpayment. The paragraph should be removed. Veterans who are unable to pay their debts should be asked to contact their VA regional office for counseling. During that counseling, the VA can inform the veteran of the options open to him for settling his debt.

(b) Provide information on the basis of the debt. The first collection letter should tell the veteran why he owes money to VA, instead of simply telling him the amount owed. By telling the veteran why he was overpaid and how his debt was computed, there will be a greater likelihood he will make prompt payment.

(c) Provide the veteran with payment options. For debts in excess of $250 (or another administratively determined amount) an installment payment plan should be offered to the veteran so he can begin making payments immediately without having to first contact VA.

8. Accounts Receivable Remaining at Regional Offices Should be Quickly Disposed of or Transferred to CARS for Collection

In an effort to improve the collection process, on January 1, 1975, all new accounts receivable from that date on were transferred to CARS. According to the last available statistics (December 31, 1975), accounts receivable remaining at regional offices totaled $58 million. These accounts receivable are at least 1 year old and are likely to be uncollectable, yet regional offices are still burdened with collecting these accounts. The Investigative Staff believes these accounts should be transferred to CARS for collection.

III. THE SPECTACULAR GROWTH OF EDUCATION OVERPAYMENTS

Overpayments of education benefits by the VA have been increasing at an unprecedented rate over the past 5 years. In FY 1972 overpayments were $51 million; in FY 1976 the Investigative Staff estimates overpayments will reach $823 million, a 1,521 percent increase. Table I on page 9 reflects this increase.

Contributing to the increase in the growth of overpayments during this period was a 75 percent increase in the number of trainees and a 212 percent increase in training costs. However, those increases cannot account for the extraordinary 1,521 percent growth in overpayments. The primary cause for the sharp increase, at least in the 1 to 2 years immediately following implementation, was legislation enacted in FY 1973 which provided for prepayment and advance payment of educational assistance benefits to students.

As overpayments continued to climb, a corresponding increase occurred in the balance of education accounts receivable. Table II on page 10 reflects the increase in accounts receivable.

The balance on hand at the close of FY 1972 was $20 million; in FY 1973--the first year to reflect the effect of the prepayment provision--the balance increased 200 percent to $60 million. The Investigative Staff estimates this year's balance will reach $376 million, a 1,700 percent increase over FY 1972.

From this data it is evident that, in addition to overpayments growing at an unprecedented rate, so too have the accounts receivable balances. The indications are that the upward trend will continue.

The factors that contributed to this spectacular growth of education overpayments are addressed in the following pages of this report.

TABLE I

THE GROWTH OF OVERPAYMENTS, TRAINEES, AND TRAINING COSTS FISCAL YEARS 1972-1976

Fiscal Year	Overpayments ($ Thousands)	% Over FY 1972	Trainees (In Thousands)	% Over FY 1972	Training Costs ($ Millions)	% Over FY 1972
1972	$ 50,785	BASE	1,960	BASE	$1,912	BASE
1973 1/	142,411	+ 180.4	2,223	+ 13.4	2,636	+ 37.8
1974 2/	269,027	+ 429.7	2,462	+ 25.6	3,189	+ 66.7
1975	446,332	+ 778.8	2,805	+ 43.1	4,401	+ 130.1
1976 July - December (Actual)	411,747	---	2,383	---	2,634	---
1976 (Estimate for Year)	823,494	+ 1,521.5	3,434	+ 75.2	5,964	+ 211.9

1/ Prepayment implemented November 1, 1972.
2/ Advance payment implemented August 1, 1973.

TABLE II

EDUCATION ACCOUNTS RECEIVABLE

(Dollars in Thousands)

	FY 1972 Base Year	FY 1973	FY 1974	FY 1975	July-December 1975 (Actual)	FY 1976 (Estimate)
Balance start of year --------	$13,972	$ 20,155	$ 60,580	$123,764	$220,204	$ 220,204
Established during year ------	50,785	142,411	269,027	446,332	411,747	823,494
Total available ----------	64,757	162,566	329,607	570,096	631,951	1,043,698
Less dispositions:						
Cash Collection & offsets---	41,831	98,121	197,286	333,385	313,129	626,258
Waivers & compromises-------	199	543	907	804	803	1,606
Terminated ----------------	2,572	3,322	7,650	15,513	19,849	39,698
Total dispositions--------	44,602	101,086	205,843	349,892	333,781	667,562
Balance end of period---------	$20,155	$ 60,580	$123,764	$220,204	$298,170	$ 376,136

IV. THE CAUSES OF THE INCREASE IN OVERPAYMENTS

What has caused the 1,500 percent increase in overpayments that occurred between 1972 and the present?

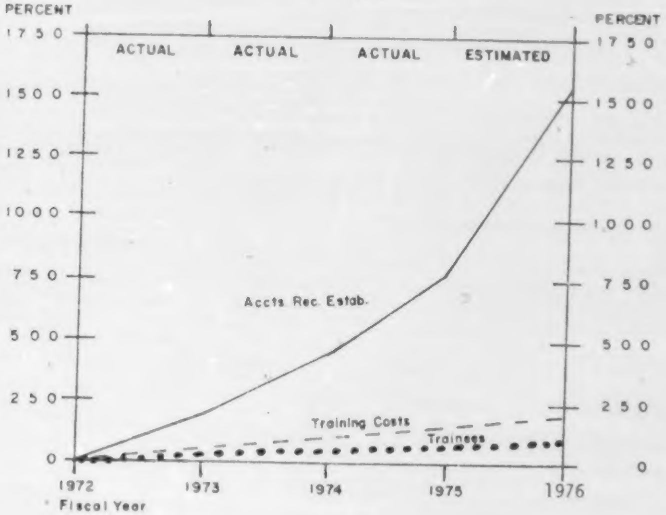
The following graph shows that while training costs and the number of trainees increased during this period, training costs and trainees alone had a minimal effect, and the growth in overpayments far exceeds the effect they might have had.

This investigation disclosed that there were three primary causes for the spectacular growth of overpayments that has occurred since 1972:

(a) Legislation was changed to provide for prepayment and advance payment of benefits.

(b) VA lost control over its administration of the education program.

(c) Abuses of the education program by students and institutions increased.



A. Legislative Causes

FY 1973. Public Law 92-540, October 24, 1972, authorized prepayment of monthly benefits and an initial advance payment of education assistance allowance to trainees pursuing educational programs on a half time or more basis. The prepayment concept was instituted by the VA effective November 1, 1972.

During FY 1973, overpayments increased sharply, from $51 million to $142 million, a 180 percent increase over FY 1972 (See Table I). During FY 1973 the number of trainees increased, but this cannot account for the sharp increase in overpayments. Trainees increased by 13 percent while overpayments rose by 180 percent. By comparison, it is interesting to note that in the prior year trainees increased by 17 percent and benefits increased by 37 percent--yet overpayments increased only 54 percent, substantially less than the 180 percent seen in 1973.

A VA study team came to the same conclusion as the Investigative Staff. They attributed 42 percent of the FY 1973 rise in overpayments to prepayment of benefits.

FY 1974 and FY 1975. The advance pay authorized by PL 92-540 was implemented by the VA on August 1, 1973. Overpayments increased by $127 million in FY 1974 over the previous year and the overpayments balance at the end of FY 1974 more than doubled to $124 million.

In FY 1975, PL 93-337, July 10, 1974, extended the 8-year delimiting date to 10 years for veterans to complete their programs of education. Also, in FY 1975, PL 93-508, December 31, 1974, increased benefit rates by 23 percent retroactive to September 1, 1974. The number of students increased by 14 percent.

Overpayments established and the balance on hand continued to grow at record levels during FY 1975. Overpayments reached $446 million in FY 1975, a 66 percent increase over FY 1974; and the overpayments balance climbed 77 percent to $96 million.

Although the increases in benefits and in the number of students have contributed, in part, to the overpayment problem, the Investigative Staff believes that one of the primary causes of the large increase in overpayments can be attributed to the continuing impact of advance and prepayments.

FY 1976. There was no new legislation passed in FY 1976 to affect the growth of overpayments, yet overpayments and the balance on hand continued to increase at an alarming rate. For just the first 6 months of FY 1976, overpayments were $412 million, only $34 million less than the $446 million for the entire FY 1975. A corresponding increase occurred in the overpayment balance. In 6 months it grew by $78 million, almost as much as the entire previous year's increase ($97 million in FY 1975).

B. VA's Loss of Control Over the Educational Benefits Program

The legislative changes of PL 92-540 that authorized prepayment and advance payment of benefits to veterans placed a greater onus on the VA to exercise firm control over the educational benefits program. Prior to this change veterans were paid after completing each month of training. With the change in legislation, veterans were paid their benefits before "earning" them. This meant that when a veteran did not complete his full month of training he would automatically create an overpayment. Similarly, when a veteran reduced his credit load making him eligible to receive lower benefits, the difference in what he was paid and what he was eligible to receive became an overpayment. Because of advance pay and prepay, it became more important for the VA to learn of changes and terminations promptly. The VA should have imposed stricter controls to assure that veterans were attending school and taking the credit load for which they were paid. Instead, the period from November 1972 to the present has been characterized by a gradual loss of control by the VA over the education programs.

1. Control Over Veterans' Attendance And Academic Progress Was Lost

Over a period of many years, dating prior to 1972 when prepayment legislation was enacted, the VA gradually relinquished the control it had over veterans in the education program. In years past, veterans were required to certify monthly that they were attending school and making progress toward their educational objectives. They had certification cards which they filled in and sent back to the VA. If they were not sent in as required, the certifications became a bar to future payment of benefits.

However, the monthly attendance certifications became an annual certification. This liberalization continued while, at the same time, overpayments were becoming a problem. In 1975, when it was clear that overpayments were getting out of hand, the VA further liberalized their certification policies and, in May of that year, certifications no longer barred payment. If the "cert" cards were not returned, payments continued regardless.

Something else was happening during the years when overpayments were rising to their present magnitude. The VA relied greatly on the schools to report veterans' status, such as when they reduced their course load, dropped out of school, or were not making satisfactory progress. This trust was mistakenly placed and it should have become evident to the VA. For during these same years there was a liberalization in the way colleges conducted their business. Many schools no longer took roll, so they could not tell whether veterans were attending classes. Many schools were lax in reporting changes to the VA. Although schools were supposed to report when veterans changed courses or dropped out of school, they did not always do so. These reporting problems show up in the compliance surveys the VA conducts.

A recent survey at one school disclosed that the VA received over 400 notices of changes in student status from 48 to 110 days from the effective date of the action. One of the VA's regional directors told the Investigative Staff of cases where veterans were receiving benefits who had not been in school for 2 or 3 quarters; and recently he had found a case where a veteran was receiving benefits, but had not been in school for 2 years. In some cases the problem lies with the schools' recordkeeping. At one school, a compliance survey disclosed several cases where veterans were receiving payments, yet the school had no records on them. In other cases the school's records did not agree with the VA's records. One regional office director said he considered shoddy school recordkeeping and reporting to be prime factors causing overpayments.

A possible reason schools may be lax in reporting is the monetary disincentive for so doing. Reducing their rolls makes them less eligible to receive Federal and State funding.

An important change has taken place in colleges--the liberalization of grading policies. VA officials said that in recent years, schools experienced a strain on their budgets that made them change their academic standards. Some schools were aggressively trying to enroll students and keep them in school. They had to increase school revenues, and quality suffered as a result. Grading policies changed to do away with punitive grades. Students were permitted to withdraw from courses or take grades of "incomplete" at the eleventh hour, rather than fail courses. In the few cases where such policies were questioned, schools indignantly replied that they were independent of outside criticism because they were accredited institutions. They considered themselves immune from outside interference.

By giving in a little at a time, the VA lost control over the education program. In effect, an honor system developed where the VA left it up to the veterans and the institutions to report changes and terminations; but it was not in the interests of either to do so.

2. Approval of Schools for Veterans Training

The VA's education program is limited to training conducted at approved institutions. Approval of schools and courses for veterans training is done by State Approving Agencies (SAAs). They are usually a small (2-man) activity of each State's Department of Education, but they are under contract to the VA which pays for the SAA's salary and expenses. The SAA determines for the VA the adequacy of schools and courses. Also, when deficiencies are disclosed in a school or its courses, the SAA is responsible for seeing that the deficiencies are corrected.

Our investigation disclosed that the VA has problems with many of the SAAs. While some are doing their job well, others fall far short of what the VA expects of them. In one State, the SAA was a strong organization and was doing much to correct abuses in the education program. In another State, however, the Investigative Staff was told by a VA official that the SAA impeded the VA more than it assisted. That official told us that the SAA in his State was a waste of money. He said that time and time again his staff finds discrepancies in schools after the SAA has finished its reviews and has given its approval. Also, when the VA has made reports to the SAA concerning accreditation matters, the SAA has failed to take action on them.

In trying to get at the problems VA has with the SAAs, the Investigative Staff was told that, although VA pays their salaries, the loyalties of SAA employees usually lie with the State. This is because SAA employees generally come from within the State Education Systems--and may return there some day in the future. If this is the case, the VA might consider doing the approval job itself instead of using SAAs. The problem seems to be widespread enough to warrant such action--and could probably be done without much change in the cost of the approval operation.

3. The VA's Compliance Survey Program Did Not Detect the Problems

The VA has a compliance survey program which should have signaled an alarm as problems developed in the education program. Under the compliance survey program, schools are annually surveyed to determine the propriety of payments made. The survey teams review school records to find out whether the schools are complying with VA regulations. For example, the teams check to see if schools are promptly reporting changes that take place in veterans' status. Almost 11,000 compliance surveys were conducted in FY 1975; however, the VA identified an additional 956 surveys that should have been made.

It appears, though, that the compliance survey program is not as strong as it should be. From the viewpoint of staffing, up until two years ago, compliance surveys were conducted on a "time-available" basis by claims adjudicators. While this has changed, and there is now a full-time staff of 134, more staff is needed; however, there does not appear to be top-level support for increasing the staff. Interestingly, on December 1, 1975, the Office of Management and Budget authorized 600 new positions for the VA, primarily on the strength of the VA's presentation about the difficulties they were having with surveillance of 17,000 schools. Only 40 of these positions have been allotted to compliance survey.

Training appears to be another problem of the compliance survey program. Although there are training manuals on how to conduct a compliance survey, the VA has no formalized training for compliance survey specialists. The need for training is evident from a problem case recently brought to light in Puerto Rico. The case involved a barber school where 1,400 veterans were enrolled. The school had only 9 barber chairs which would accommodate, at the most, 200 students. Also, the school's records were incomplete and the school was not providing the required number of training hours. The Investigative Staff learned that a VA compliance survey had been conducted on this school only 3 months earlier and no discrepancies had been noted.

C. The Doors are Left Open for Abuses

As both the VA and the schools became more permissive in their operations and lost control over veteran students, the situation became ripe for abuses to occur. With so few controls, veterans found it easy to collect benefits, even if they had no intention of getting an education and many did just this. Educational assistance rates have increased in recent years making participation in the program even more attractive. The benefits of the G.I. Bill have become, in some cases, subsistence payments rather than an aid to obtaining an education.

Example

An inspection was conducted by the State of Minnesota approving agency at a mid-Western school that revealed a situation where veterans were receiving benefits, but were making no academic progress. The inspection report read:

> "I conducted an inspection regarding the progress records of 32 veterans who are presently attending or recently attended [name of school deleted]. The inspection indicated that a grading policy authorized by the school is being abused to the extent that veterans are registering for courses, do not complete the work assigned, so they receive an NC (no credit) grade at the end of the quarter, and yet receive their G.I. Benefits for nonacademic achievement. Example: A veteran registered for courses in Fall, 1973 (12 credits), Winter, 1974 (14 credits), Spring, 1974 (12 credits), total 38 credits. The veteran received all NC grades or zero (0) credits earned out of a possible 38 credits, received his G.I. Benefits (12 credits per quarter considered full-time) and is still allowed to continue enrollment in the school even though this student demonstrated non academic achievement."

The inspection report went on to describe the school's grading policy.

> "In reviewing the 1974-1976 catalog * * * the grades are described as follows: A, B, C, D, W, NC, P, V. There is no failing mark such as U. or F. Therefore, it is presently impossible for a student to be dismissed because of failing grades."

This problem was found to be widespread. While the veterans who are cheating are in the minority, there are, nevertheless, many of them and the problem exists throughout the country.

It is certain there are many more cases yet undiscovered, because the conditions in the VA and the schools make abuses of the education program easy. There are no certifications of attendance to say whether veterans are attending classes, nor is there rolltaking. There is shoddy recordkeeping and a grading system that permits the student to continue enrollment without learning anything or making any progress. Undoubtedly, there are abuses nobody knows about yet.

D. The VA's Actions to Correct the Growing Problem

The VA recognizes that they have a problem with the growth of overpayments. In July 1974, the VA administrator designated a task force to study collection of accounts receivable. That study resulted in some changes, but nothing as yet has stopped the rise of overpayments. Explanation of some of the actions the VA has taken follows.

The VA is currently revising its regulations on school reporting. By doing so, the VA hopes to reduce the 48-day reporting lag that exists from the time changes occur to the time the VA learns about them. If school reporting improves, it should reduce the average overpayment which has been steadily increasing over the past years and now stands at $611. There is some skepticism as to whether school reporting will improve. It will probably vary from State to State, depending on the schools, the State Department of Education, and the State Approving Agencies. The director at one of the VA's regional offices said he expected cooperation from most schools in his State; in another State the opposite was heard. The VA intends to enforce its regulations by holding schools liable if their late reporting results in overpayments to veterans. Past experience shows that school liability cases have not been enforced by the VA. As of December 31, 1975, the VA had 2,743 cases of school liability on hand, valued at $3,465,000. Yet, collections during the month of December were only $2,600. While several officials have said the VA intends to enforce the liability regulations that have been on the books for years, there has not been any enforcement as yet.

Another requirement the VA intends to make on schools is that they establish and enforce standards of progress. The VA recognizes that many veterans are receiving education benefit payments who are not serious students. They are not attending classes and they are not progressing toward any educational objective.

Under the standards of progress regulation, the VA is telling the schools that (1) they must have some standards for measuring students' performance, (2) the standards must be approved by the State Approving Agencies, and (3) the schools must enforce their standards.

If enforced, the standards of progress will do much to reduce overpayments. Most importantly, it should eliminate those veterans who are cheating because of loopholes in the system. For the student who has difficulty with his courses, yet is genuinely interested in obtaining an education, provisions are made for counseling by the VA, so there is the opportunity for a second chance.

As with the reporting requirements, the VA is receiving objections from some schools on the standards of progress. The schools say the VA has no authority to impose them. The VA's reply is that it is up to each school to develop its own standards and to enforce them. In one State, veteran students were up in arms about the standards, saying the VA was imposing stricter requirements on students than those imposed by other Federal education programs. The Investigative Staff noted the VA and the State Approving Agency in that State took a firm stand and appear to have ridden out the storm.

Another action the VA has taken to reduce overpayments is to place greater emphasis on compliance surveys. In the past 2 years, the compliance survey program has been staffed as a full-time activity. However, the Investigative Staff does not believe its importance is sufficiently recognized nor has it been given the high-level support it needs. This is evident from the vacancies that exist in authorized positions. One official said positions are allocated to the VA's regional offices, but it is up to the regional director as to how positions are used. A look at the staffing and compliance survey activity at the regional offices indicates that not all regional directors consider compliance surveys important.

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V. THE VA's COLLECTION OF OVERPAYMENTS

There are two factors to consider when examining the growth of overpayments in the VA. The first is how overpayments are established. The other is how overpayments are collected.

VA has a systematic approach for collecting education payments. However, their methods seem to lack a sense of urgency or determination. When confronted with the magnitude of the overpayments balance, some VA officials are quick to explain away the problem by saying that the overpayments are an expected cost of doing business. Considering this attitude of nonconcern, it is understandable why the VA appears to be going through the motions of debt collection without making much headway in reducing the overpayments that are piling up. When asked what level of overpayments they considered reasonable, they could not reply. They hadn't given it any thought. The VA management should have some criteria as to what is reasonable and what is not. Without it, how can the VA know whether or not they are managing the program properly?

There are basically two routes the VA can take in collecting overpayments. If the veteran is still attending school and receiving benefits, the VA can offset the amount owed against future benefits checks until the debt is liquidated. If the veteran is no longer in training, the procedures are more involved, more difficult, and less successful.

A. Problems With the VA's Collection Letters

A series of three collection letters is sent to the veteran. The first form letter is sent to the veteran from the VA's Data Processing Center in Hines, Illinois. It informs the veteran of his debt in the amount of "x" dollars and asks him to make payment. However, the letter does not tell the veteran the basis on which the debt was computed. As a result, the veteran often writes back or calls in to find this out. Many of the VA officials we talked with felt that it was important to include information on the basis for the debt. When veterans have to inquire about it, it causes a great deal of extra work for the VA. Some veterans write in asking for additional information, because it provides the opportunity to stall the VA's collection efforts.

The first collection letter also contains a waiver paragraph which states, "You have two years from this date to request waiver." A collection clerk told us that some veterans read this and feel they don't have to do anything for two years. This paragraph gives an "out" to any veteran who wants to beat the collection system. The waiver paragraph goes on to say, "However, if you believe that your case merits waiver consideration, you should write to us promptly since any amount collected prior to receipt of waiver request cannot be refunded." One interpretation: Be careful not to send us any money, because we can't give it back to you.

VA officials were asked why this waiver paragraph is included in the collection letter--the very first collection letter at that. They said they are required to inform the veteran of his rights. Other approaches could be used to do this; for example, the veteran could be asked to contact the VA to discuss payment options if he cannot repay his debt immediately. The waiver paragraph as now used could be rendering some debts uncollectable.

In January 1976, the U.S. General Accounting Office's Debt Section, after reviewing the VA's collection letters, advised the VA to remove the waiver paragraph from its collection letters. The VA did not concur. A VA official responded, "We have an obligation to advise the debtor of all of his rights with respect to waiver, compromise, appeal, etc., of any debt." Oddly enough, when the VA collects overpayments by offsetting against running education awards, they do not advise the debtor of his rights. They just offset, and they get the money back.

A VA official at the Centralized Accounts Receivable Division in St. Paul, Minnesota, made one further comment about the VA's collection letters. The last paragraph states, "If you have already paid this indebtedness, we thank you, and please disregard this letter." He said this disclaimer makes it look like the VA doesn't know what it is doing.

The Centralized Accounts Receivable Division often does not have the up-to-date information it needs to do its job. CARS data is often in error because it is not updated frequently enough. As a result collection letters go out with incorrect balances on them--and complaints and inquiries come back from the veterans. The result has been a flood of correspondence and phone calls that CARS has difficulty keeping up with. As of December 31, 1975, CARS had 47,000 pieces of correspondence on hand. Four months earlier it had been as high as 95,000. The CARS staff has had to work overtime to reduce this tremendous backlog.

B. Collection Data is Not Current

Another problem has arisen because CARS data is not current. There has been a rise in unassociated payments. These are payments that veterans send in to liquidate their debts. The problem arises because some veterans' payments through the mail are faster than the VA's computers. This is what happens. The VA mails the first collection letter to the veteran from its data processing center in Hines, Illinois. After that letter, all collection activity is handled by the data processing center at St. Paul, Minnesota. But data input from Hines to St. Paul takes place only once a month. If during the first month a veteran sends in his payment to St. Paul, or inquires about his debt, St. Paul does not even know that the debt exists. Unassociated accounts also arise from errors on collection letters sent out by the VA. CARS sends collection letters out without having a current data file to work from. If a veteran sends in a payment in response to an incorrect collection letter, he may be overpaying his debt. The result is an unassociated account. Unassociated accounts have become a big problem because of data processing delays and data errors.

As of January 1976, there were 16,774 unassociated accounts with a dollar value of $4,237,000. Many of these accounts were up to a year old. All of this has not happened without its share of irate veterans complaining to their Congressmen and to the VA to clear up the mess. The finance officer at one VA regional office cited a case where a veteran was informed he owed $1,300. The veteran got a check for this amount and sent it to CARS in St. Paul. CARS cashed the check. But, when the veteran reentered school, VA started to withhold his benefits to collect the $1,300 as the VA had no record of the payment. The veteran, who even had a copy of the cancelled check, was irate and complained to his Congressman. At the time the Investigative Staff was told about this case, the VA was still withholding benefits from the veteran.

What causes this mess? Some VA officials say that splitting the collection system was a bad idea. One official said he thought all accounts receivable activities should be together. He said when you start dividing the pieces you start asking for trouble; taking a piece of the accounts receivable system away to St. Paul left the VA not knowing who had what. The way business is conducted now, one piece of the collection machinery is at Hines, Illinois, and another at CARS, St. Paul, Minnesota. However, spread throughout the VA's regional offices, there are also numerous old accounts that are still being collected under the old manual system.

Some blame the collection problems on the VA's computer equipment and claim that if bigger and better computers were available, the workload could be handled.

C. VA's Data Processing Equipment

The VA's St. Paul Data Processing Center provides the data processing support for the Centralized Accounts Receivable System. The center has four IBM 360/20 computers and four IBM 1401 computers. The center anticipates getting an IBM 360/65 computer from the VA's Philadelphia office, but this is contingent upon whether the Philadelphia office is given the OK to acquire new equipment. The Director of Data Management at St. Paul told us that problems are caused by limitations of the present equipment. For example, he said the VA sends out letters with incorrect balances on them because St. Paul can send out letters only once a week instead of daily. The Investigative Staff feels that the incorrect balances are caused by the infrequent (monthly) updating of data, not because letters are sent out weekly. At present the CARS data base is updated with information from the Hines Data Processing Center only once a month. Therefore, the VA at St. Paul sends out collection letters which frequently have incorrect balances as they do not have the benefit of up-to-date data from the Hines center on a timely basis. More frequent updating would take care of many of the problems CARS has with incorrect data. One official at CARS said some of the data processing difficulties at CARS are caused by the VA's regulations and procedures for collecting accounts receivable; they were designed for a manual system, not an automated one, and should be revised.

At the VA's Data Processing Center in Hines, Illinois, computer equipment is as follows:

2 IBM 1401 computers
2 IBM 360/20 computers
2 IBM 360/65 computers
1 IBM 7080 computer

VA officials advised a new, more powerful computer, an IBM 370/168 is being placed at Hines on April 1, 1976.

Hines processes the data for the VA, including the regular monthly benefits checks as well as special pays. Hines also collects education overpayments through offsets against running education awards. Through discussions with officials at Hines, the Investigative Staff is of the opinion the computer equipment at Hines, with the addition of the IBM 370/168, should certainly be adequate to take care of the education system.

Personnel at other VA facilities advised there are problems at Hines. One official referred to Hines as his biggest problem, saying there were frequent processing delays which caused problems between the veteran and the VA. While visiting that station, it was learned that Hines had misplaced a computer tape which would result in late education payments to over 500 veterans.

The VA is starting to use cathode ray tube monitors (CRTs)at some offices to make inquiries into the education system at Hines. The CRTs permit quick access into the Hines master record. The CRTs have been particularly useful in handling telephone inquiries from veterans. At the two regional offices visited where CRTs were in use, the personnel had high praise for them and said the CRTs were a tremendous help. Oddly, the Centralized Accounts Receivable Division in St. Paul does not have CRTs to assist them in answering their many inquiries. Wider use of the CRTs by the VA is warranted, especially at St. Paul.

* * * * *

REPORT TO THE CONGRESS

BY THE COMPTROLLER GENERAL
OF THE UNITED STATES

Educational Assistance Overpayments, A Billion Dollar Problem--A Look At The Causes, Solutions, And Collection Efforts

Veterans Administration

In the 9 1/2 year period ended December 31, 1975, VA made almost $1.4 billion in educational assistance overpayments to veterans and dependents. If current trends continue, overpayments in fiscal year 1976 alone could total more than $800 million. VA's collection system is not keeping up with the overpayments. As a result, those remaining uncollected at June 30, 1976, could total more than $375 million.

To halt the escalating trend of overpayments, VA needs to act immediately to assure timely reporting of program status changes by students and schools, improve its payment processing procedures, and be more selective in granting special payments to students. Also, the Congress may have to reconsider the assistance payment law.

MWD-76-109 MARCH 19,1976

COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-114859

To the President of the Senate and the
Speaker of the House of Representatives

In recent years the number and amounts of overpayments made to veterans and to dependents of disabled or deceased veterans under the Veterans Administration's educational assistance programs have increased dramatically. We reviewed these overpayments to determine the underlying causes, identify some solutions, and assess the agency's collection efforts.

To issue this report in time for the Senate and House Appropriations Committees' hearings on the Veterans Administration's fiscal year 1977 budget submission, we obtained oral comments on the report in a meeting with agency officials on March 15, 1976. Their comments are summarized in chapter 7. The agency's formal written comments were later received and are included as appendix I.

We made our review pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

Copies of this report are being sent to the Director, Office of Management and Budget, and to the Administrator of Veterans Affairs.

Elmer B. Staats
Comptroller General
of the United States

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ABBREVIATIONS

GAO	General Accounting Office
VA	Veterans Administration

COMPTROLLER GENERAL'S
REPORT TO THE CONGRESS

EDUCATIONAL ASSISTANCE OVERPAYMENTS, A BILLION DOLLAR PROBLEM-- A LOOK AT THE CAUSES, SOLUTIONS, AND COLLECTION EFFORTS

Veterans Administration

DIGEST

Overpayments to veterans and veterans' dependents under the Veterans Administration's (VA's) educational assistance programs have increased dramatically in recent years. As of December 31, 1975, cumulative overpayments totaled almost $1.4 billion, of which $446 million was overpaid in fiscal year 1975 and $412 million in the first 6 months of fiscal year 1976.

In fiscal year 1967, overpayments represented 0.7 percent of VA's total educational benefits paid, whereas in the first 6 months of fiscal year 1976, overpayments represented 15.6 percent of total benefits paid. (See p. 6.)

In October 1972, the Congress enacted the Vietnam Era Veterans' Readjustment Assistance Act of 1972 (Public Law 92-540). The act provided for the advance payment of educational benefits at the start of an enrollment period and monthly prepayment of subsequent benefits during the enrollment period. Monthly prepayments started in November 1972, and the advance payments in August 1973.

GAO, in analyzing the problem in Los Angeles, found the following three primary causes of overpayments.

--41 percent result from veteran and school delays in reporting training changes, such as dropping classes or withdrawing from school. (See ch. 3.)

--22 percent result from the issuance of special payments and poor VA processing practices. (See ch. 4.)

--21 percent result from the prepayment and advance payment provisions of the VA educational assistance law. (See ch. 5.)

The other 16 percent of the overpayments result from normal processing requirements, part of which can also be avoided. (See ch. 4.)

To alleviate the overpayment problems, VA should:

--Notify veterans of their obligation to report training status changes promptly. (See p. 9.)

--Increase guidance and assistance to schools and step up compliance surveys. (See p. 11.)

--Provide State approving agencies with more guidance on the overpayment problem and supply them with data to show which schools have overpayments. (See p. 13.)

--More frequently assess schools with liability for overpayments caused by their negligent reporting of students' changes in training status. (See p. 14.)

--Reevaluate reporting fees paid to schools to insure that schools are appropriately reimbursed for required reporting. (See p. 15.)

--Increase the involvement of VA on-campus personnel, such as veteran representatives and work-study veterans, to help schools solve their reporting problems. (See p. 16.)

--Implement GAO's prior recommendation to automate the processing of veteran training status changes, thereby reducing delays which result in overpayments. At the VA Los Angeles regional office alone, as much as 11 percent of the overpayments and $1.4 million in administrative expenses could have been avoided between July 1972 and December 1974. (See p. 19.)

- --Reduce the reliance on and use of special benefit payments which bypass standard computer screening controls intended to prevent overpayments. (See p. 21.)

- --Increase the use of teletype transmissions of stop-payment notices to prevent overpayments. (See p. 23.)

VA needs to act quickly on GAO's recommendations; however, the Congress also may have to reconsider the merits of prepaying veterans for training, as authorized under Public Law 92-540, and return to a post-payment system for educational benefits. (See p. 26.)

Overpayments remaining uncollected have also increased dramatically, from $8.4 million at June 30, 1970, to $298 million at December 31, 1975. (See ch. 6.)

VA should improve collection actions by

- --revising collection letters (see p. 34),

- --taking faster action to collect (see p. 35), and

- --establishing an automatic cross-checking system for matching veterans receiving benefit payments under other programs so that collections can be accomplished by offset (see p. 36).

VA did not disagree with GAO's findings on the causes of overpayments and is taking actions toward solving these problems. (See ch. 7.)

CHAPTER 1

INTRODUCTION

The Veterans Administration's (VA's) educational assistance programs provide financial assistance to veterans and eligible dependents for tuition and other general living expenses while in training (38 U.S.C., Ch. 31, 34, and 35).

The programs have grown considerably since their inception. For example, in fiscal year 1967, its first full year of operation, the Veterans Educational Assistance Program (38 U.S.C., Ch. 34)--by far the largest of three VA assistance programs--provided about $305 million in assistance to less than 500,000 veterans and service personnel. During fiscal year 1975 VA disbursed $4.2 billion in educational assistance to some 2.7 million veterans and service personnel. In 1967 the minimum monthly rate for a veteran with no dependents attending a full-time education program at a college or university was $100. The same veteran today would receive $270 monthly.

To improve the timeliness of benefit payments and services to veterans and other eligible persons in training, the Congress enacted legislation in October 1972 (Public Law 92-540) to provide initial advance payment--up to 2 months of assistance at the start of each school year--and prepayment of regular monthly benefits.

PROGRAM ADMINISTRATION

VA administers the educational assistance programs through the Department of Veterans Benefits at its central office in Washington, D.C., which is supported by 58 regional offices. Two centralized support groups also help administer the programs--a data processing center at Hines, Illinois, and a Centralized Accounts Receivable System at St. Paul, Minnesota.

The Hines data processing center maintains a computerized master record file for each veteran, serviceman, and dependent who has received or is receiving educational assistance. This file includes data on eligibility, entitlement, and benefit payments. The regional offices provide most of the basic data for the Hines computer files. Individual case files with source documents are maintained at the regional offices. A master payment tape, also maintained at Hines, shows the amount of monthly benefit payment for each individual.

VA's Centralized Accounts Receivable System, which became fully operational in January 1975, is a computer-supported system for centralized cash collection of all educational assistance overpayments from persons who have terminated their training. In establishing the system, VA anticipated reducing manpower and other administrative costs by centralizing and automating functions previously performed manually at the regional offices.

VA also contracts with State approving agencies in each State to act as its agents in approving schools and courses for VA benefits and to annually evaluate approved schools on such things as curriculum, course instruction, grading policy, conduct, and reporting systems. VA paid State agencies about $11.1 million for these services in fiscal year 1975, and expects to pay about $13.9 million and $14.[illegible] million in fiscal years 1976 and 1977, respectively.

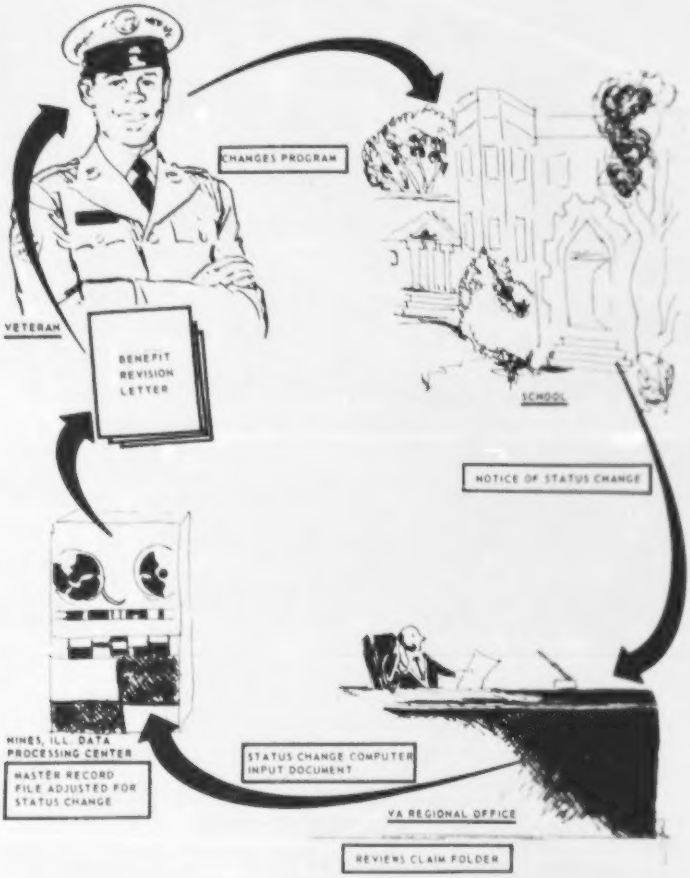
GENERAL REPORTING PROCEDURES FOR VETERAN STATUS CHANGES

The amount of an individual's monthly VA educational assistance payment is partly determined by his or her current course load. Therefore, once enrolled in school, an individual making any change in training status, such as adding or dropping courses or terminating enrollment, must report this promptly to VA.

The enrolled individuals themselves and the school officials serving as certifying officers are responsible for reporting these changes. The general reporting process for training status changes, which starts with the enrolled individual, is illustrated by the chart on the following page.

The veteran (or enrolled dependent) is the first link in the reporting chain. His prompt action is essential to timely reporting. However, if the veteran neglects to report changes to school officials, the school is still responsible for promptly identifying and reporting these changes to VA. For this and other services, VA reimburses schools through a $3 annual reporting fee for each enrolled veteran or dependent.

STATUS CHANGE REPORTING PROCESS


CHANGES PROGRAM
VETERAN
SCHOOL
BENEFIT REVISION LETTER
NOTICE OF STATUS CHANGE
HINES, ILL. DATA PROCESSING CENTER
MASTER RECORD FILE ADJUSTED FOR STATUS CHANGE
STATUS CHANGE COMPUTER INPUT DOCUMENT
VA REGIONAL OFFICE
REVIEWS CLAIM FOLDER

CHAPTER 2

OVERVIEW AND PRINCIPAL CAUSES OF OVERPAYMENTS PROBLEM

Overpayments were only a minor problem in VA's administration of its educational assistance programs before fiscal year 1973. In recent years, however, educational assistance overpayments have increased dramatically, posing a serious problem requiring immediate action by both VA and the Congress.

During the 6-year period ended June 30, 1972, cumulative overpayments discovered by VA totaled $128 million. However in the following 3 1/2 years, VA discovered additional overpayments totaling about $1.3 billion.

The primary cause of the growing overpayment problem, according to our review in VA's Los Angeles region, has been the untimely reporting to VA of enrolled individuals' training status changes that reduce or terminate their monthly educational assistance payments. Also directly contributing to the overpayments are VA processing problems and congressionally authorized multiple-month advance payments and monthly prepayments of educational assistance benefits. Opportunities for improvements in these areas are discussed later in this report.

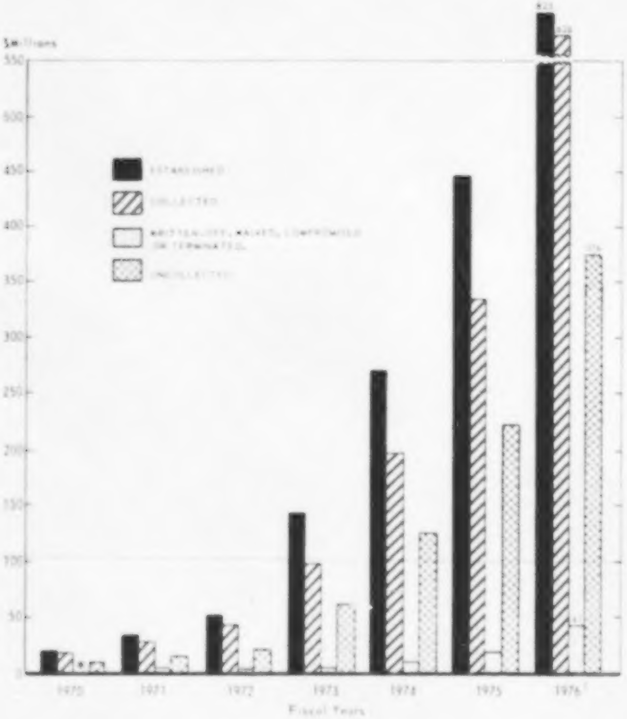
Despite VA's efforts to centralize its collection procedures, the amount of overpayments outstanding continues to grow at an alarming rate. As of December 31, 1975, overpayments outstanding total $298.2 million, an increase of $78 million (35 percent) in just 6 months. If this rate of increase continues during the second half of the fiscal year, overpayments outstanding will total $376 million at June 30, 1976. Needed improvements in VA's collection efforts are discussed in chapter 6.

As long as the $298.2 million remains outstanding, it will be unavailable to VA in making educational assistance payments to eligible persons. In the current fiscal year, VA has had to request an additional $2 billion, above its original appropriation request of $4.2 billion, for educational assistance payments under chapters 31, 34, and 35 of title 38. Part of that $2 billion might not have been needed had the $298.2 million in overpayments been available. Of the $2 billion requested by VA, $800 million is currently pending in the Congress.

GROWTH IN OVERPAYMENTS

The graph below shows the dramatic growth in overpayments during fiscal years 1970-76.

EDUCATIONAL ASSISTANCE OVERPAYMENTS



TOTALS FOR FISCAL YEAR 1976 ARE ESTIMATES [illegible] OVERPAYMENT ACTIVITY AT THE SAME RATE [illegible] IN THE FIRST [illegible] MONTHS OF FISCAL YEAR 1976.

* [illegible]

As the chart shows, overpayments are outstripping collections each year, resulting in an ever-increasing balance. On the basis of data for the first 6 months of fiscal year 1976, we estimate that overpayments established in the entire fiscal year may reach $823 million, an increase of more than $375 million over fiscal year 1975. During fiscal years 1970-75, identified overpayments increased about 2,400 percent, while veterans in training increased 118 percent and total educational assistance benefits paid to veterans increased 326 percent.

In addition, overpayments represent an increasing percentage of total assistance benefits paid out by VA, as indicated in the following table.

Fiscal year	Benefits paid	Over-payments identified	Percent
	(millions)		
1967	$ 305	$ 2.0	0.7
1968	467	7.9	1.7
1969	689	16.3	2.4
1970	1,033	17.9	1.7
1971	1,657	33.0	2.0
1972	1,960	50.8	2.6
1973	2,726	142.4	5.2
1974	3,252	269.0	8.3
1975	4,401	446.3	10.1
a/1976	2,634	411.7	15.6

a/July to December 1975.

According to our analysis of the total overpayments outstanding nationwide as of December 31, 1974, about 73 percent were for veterans who attended colleges and universities. The remaining 27 percent were attributable to veterans who attended vocational, trade, and other below-college-level training institutions. This report focuses on overpayment problems concerning veterans who attended colleges and universities, although many factors influencing overpayments at these institutions would also apply to below-college-level training institutions.

CAUSES OF OVERPAYMENTS

To identify and attempt to understand the underlying causes of educational assistance overpayments, we analyzed a random sample of 135 overpayment cases, totaling $64,115 in overpayments, selected from 6 colleges and universities in the Los Angeles area. Each case was analyzed to identify specific causes for all or part of the overpayment.

The following schedule summarizes the overpayment causes.

Cause of overpayment	Over-payment amount	Percent
Veterans and schools:		
Delays in reporting training status changes	$26,640	41
VA:		
Advance payments and prepayments of benefits	13,332	21
Processing delays or errors	7,418	12
Special payments	6,453	10
Schools and VA:		
Normal processing time	10,272	16
Total	$64,115	100

The six schools selected accounted for about 17 percent of the $21 million in overpayments outstanding on December 31, 1974, for VA's Los Angeles regional office, the office with the largest workload in the VA system. Four of the six schools had the four largest overpayment balances outstanding against veterans in the Los Angeles region. The other two schools were selected because of their relatively moderate balances of overpayments outstanding. The six schools, in order of outstanding balances, are shown below.

School	Total overpayments outstanding	Number of overpayments	Average amount of overpayment	Cases sampled	Overpayment amount
Junior college-A	$1,042,384	2,090	$499	30	$18,546
State university	800,000	2,062	388	38	17,032
Junior college-B	736,970	2,012	366	25	10,469
Junior college-C	594,288	1,345	442	15	6,047
Junior college-D	251,374	616	408	13	5,434
Private university	160,324	440	364	14	6,587
Total	$3,585,340	8,565	419	135	$64,115

Four of the six schools are junior colleges. Nationwide, as of December 31, 1974, junior colleges accounted for over 56 percent of the total overpayments made to persons who attended colleges and universities.

The following examples show how we determined the causes of the overpayments in analyzing our sample cases.

Case description	Cause	Overpayment period	Overpayment amount
Veteran dropped from school on 11/30/74. School forwarded notification to VA on same day. VA received it on 12/2/74. By this date, veteran had already received December prepayment of $270.	Prepayment law	12/1-31/74	$ 270
Veteran was overpaid $894 for 9/11/74 through 1/31/75. Veteran never attended school. School sent VA notification on 10/9/74; VA received it on 10/18/74. By this date, veteran had been paid $315 from advance payment. However, VA did not complete processing this case until 12/30/74. Consequently, veteran received November, December, and January payments.	Advance payment law	9/11/74-10/31/74	$ 315
	VA delays or errors	11/1/74-1/31/75	579
			$ 894
Veteran dropped from school on 3/28/74. He was overpaid $1,095 for period 3/1/74 through 6/14/74, the end of school term. School sent VA notification on 7/4/74; VA received it on 7/9/74 and processed it by 8/1/74. Even if school had processed notice promptly, the March prepayment could not have been avoided. Since school did not discover veteran's termination until after the school term, April, May, and June overpayments are due to veteran/school delay in reporting.	Prepayment law	3/1-31/74	$ 316
	Veteran/school delay	4/1/74-6/14/74	779
			$1,095
Veteran was overpaid $550 for 9/16/74 through 11/30/74 by special payment. VA received a revised notice of enrollment from the school which regional office personnel assumed was a late notice of enrollment, and they processed a special payment for $550. Veteran had been receiving benefit payments during the period and, when special payment transaction was processed against the Hines data center's master record, the special payment was automatically converted to an overpayment.	Special payment	9/16/74-11/30/74	$ 550

CHAPTER 3

VETERANS AND SCHOOLS NEED TO REPORT TRAINING STATUS CHANGES MORE QUICKLY

Veterans and the schools they attend share responsibility for reporting training status changes to VA in a timely manner. About 41 percent of the overpayment amounts in the cases sampled resulted because veterans and schools had not promptly reported changes in status. VA and the State approving agencies, as well as the veterans and schools, could improve the timeliness of status change reporting and thereby reduce the incidence of overpayments.

UNTIMELY REPORTING OF STATUS CHANGES

From available records at the schools and VA's Los Angeles regional office, we determined that an average of about 67 days elapsed from the effective date of a status change to the date VA was notified. Listed below are the average, median, and range of elapsed days for each of the six schools visited.

	Elapsed days		
School	Average	Median	Range
Private university	100.0	80.0	5 -235
Junior college-C	95.7	70.0	10 -225
Junior college-B	71.4	67.0	a/(4)-141
Junior college-A	70.6	69.0	3 -127
State university	50.6	41.0	a/(12)-248
Junior college-D	49.3	46.5	4 -113
Overall average	67.2	54.0	6 -181

a/Negative days occurred in cases about which VA was notified before the effective date of the status change.

The variances among the schools in the average and median elapsed days were due in part to the schools' different reporting systems. If veterans failed to notify veteran affairs personnel 1/ of training status changes at these schools, the changes would show up in school records and reports at different times during the school year. For example:

1/School employees responsible for certifying school attendance and processing paperwork on veterans.

--Two schools would generally not detect training status changes until the end of the school year (June), when grade reports were made available to veteran affairs personnel.

--Two schools would generally discover these status changes at the end of each semester, when grade reports or computer listings were made available to veteran affairs personnel.

--Another school would generally detect the changes at the middle or the end of the semester, when computer lists were published.

--One school would identify the changes at the end of each month, when computer lists were generated.

Even when these schools detected unreported training status changes, further delays would sometimes occur while school officials verified the changes with instructors or the veterans.

According to several school officials, veterans often fail to notify veteran affairs personnel of training status changes that reduce or terminate their assistance payments, but most veterans promptly report status changes that increase their benefits. We noted that, in mailing out the November 1975 benefit checks, VA included with each check a notice to veterans of their obligation to promptly report all status changes. VA officials said a similar notice will be included with the March 1976 benefit checks.

WAYS TO IMPROVE VETERAN/SCHOOL REPORTING

VA can improve school and veteran reporting of training status changes by

--increasing and improving VA's compliance surveys at schools,

--providing more guidance to State approving agencies that oversee school operations for VA,

--increasingly using its authority to assess overpayments against schools that are negligent in reporting status changes,

--reevaluating VA's reporting fees to schools, and

--increasingly using on-campus VA personnel in reporting.

Improvements needed in VA's compliance surveys at schools

VA's regional offices have compliance survey specialists who visit selected schools to verify and insure the propriety of educational assistance payments to veterans. The specialists have a preselected sample of up to 50 cases of persons who had received VA benefits while attending the school under survey. These cases, selected without regard to whether they involve overpayments, are verified with school records to insure the accuracy and validity of benefit payments.

Although colleges and universities accounted for 73 percent of all educational assistance overpayments, compliance surveys at these institutions before February 1974 were made only on a "specific need" basis. VA's survey efforts were directed primarily at schools below the college level. During fiscal years 1970-75, the number of colleges and universities surveyed by VA were as follows:

1970	299
1971	266
1972	88
1973	60
1974	127
1975	467

According to VA, the low figures for fiscal years 1972 and 1973 reflect VA's focus on below-college-level schools in those years.

In February 1974, however, VA revised its regulations to specifically require regional offices to perform compliance surveys annually at 25 percent of the colleges and universities with 300 or more eligible persons. As a result, compliance surveys at these schools in fiscal year 1975 increased to 467, about three times that of the previous year. In December 1975, VA further revised the time schedule for compliance surveys to require that all colleges and universities with 300 or more eligible persons and 25 percent of schools with less than 300 be surveyed annually. As of April 30, 1975, only 991 colleges and universities nationwide had 300 or more eligible persons, while 3,888 colleges and universities had less than 300. On the basis of these figures, VA has estimated that its regional offices will be required to make compliance surveys at more than 1,950 colleges and universities in fiscal year 1976.

During fiscal year 1975, each of the four schools with the highest overpayment balances in Los Angeles were surveyed. However, despite the high overpayments and the delays we noted in status change reporting at all four schools (see pp. 7 and 9), the survey reports concluded that the schools were generally in compliance with VA reporting requirements. According to officials at these four schools, the compliance specialists did not evaluate their reporting procedures nor suggest improvements to the reporting systems during the surveys. They said no formal written reports regarding the survey teams' findings were issued to the schools.

VA's Los Angeles regional office compliance specialists acknowledged that, unless they found serious deficiencies in the propriety of assistance payments when verifying sample cases with school records, reporting procedures generally were not evaluated. VA regional office supervisory officials added that VA generally has to accept school reporting procedures if those procedures are used for all students, since VA cannot require schools to adopt special reporting procedures for veterans.

During our visits, however, we discussed with school officials the following modifications in reporting procedures that would improve reporting compliance without greatly changing schools' policies.

--Two schools had monthly computer lists of courses added and dropped by students. With a slight computer programing change to mark with an asterisk veterans on these lists, both schools could quickly identify training status changes from the lists. Without these symbols, identifying veterans manually was almost an administrative impossibility because of the large numbers of students. This modification could speed up reporting as much as several months at one school.

--A school that did not have computer lists could establish a manual procedure to require students receiving VA assistance payments to clear through the on-campus veteran affairs office before processing training status changes through the registrar's office.

School officials said these suggestions would be evaluated for implementation during the next school term.

In addition to the six schools from which our sample of 135 overpayment cases was selected, we visited another school in the Los Angeles region which, in October 1975, established a special computer program to provide weekly listings of veterans with training status changes along with computer-generated status change forms to submit to VA. According to school officials, the computer programing costs were $700 and the annual operating costs were estimated at $690. While these cost figures were for only one school and were not audited, they indicate that the costs of improving school reporting procedures through increased use of school computer facilities might be relatively low.

With its limited resources for compliance surveys, VA also could focus its attention on the major sources of overpayments. About 22 percent of the colleges and universities nationwide accounted for about $114 million of $166 million (more than 68 percent) of the overpayments outstanding as of December 31, 1974. Consequently, VA could concentrate compliance survey efforts at about one-fifth of the schools and thus attack reporting problems that contribute to 68 percent of the overpayments.

State approving agencies need more guidance on overpayment problems

VA contracts with State approving agencies across the country to review school credentials and performance. This review includes the schools' reporting to VA training status changes. The agencies are required to report any discrepancies and problems to the VA. VA relies on the agencies to evaluate school courses, curriculum, grading policies, and rules of operation and conduct. On the basis of these evaluations, VA approves the payment of benefits to eligible persons attending these schools.

Los Angeles regional officials said they rely heavily on State approving agencies to evaluate school procedures for reporting training status changes, but State agency officials we contacted said they generally do not have time to evaluate these procedures. They added, however, that if they knew of significant overpayment problems at a particular school, they could consider such a review.

In our opinion, VA should provide State approving agencies with periodic lists of the relative ranking of schools in terms of overpayments. This would help these agencies in identifying and concentrating their efforts at schools with poor reporting practices. In a June 30, 1970, letter report to the Deputy Administrator of VA on our review of State approving agency activities, we recommended that such a list be provided to the approving agencies, in addition to schools and regional offices. The VA central office agreed with our recommendations and said the list would be provided to State approving agencies. VA issued the list to its regional offices for over 2 years (from March 1971 through September 1973), but did not send it to approving agencies or schools.

VA needs to increase assessments of overpayments against schools

VA is authorized (38 U.S.C. 1785) to assess the full amount of an overpayment against a school that is negligent in reporting a change in an eligible person's educational status. However, this authority is infrequently exercised.

VA brought only 43 cases of liability against schools nationwide during fiscal year 1974, and only 49 cases in fiscal year 1975. VA central office officials did not maintain data on the reasons for these assessments, but they believed very few had been made because of negligent reporting of training status changes.

In May 1975, VA issued a circular to all regional offices to clarify and emphasize its statutory and regulatory responsibility to assess schools. The circular gave regional offices more detailed and specific guidelines on processing assessments. It emphasized the importance of schools promptly reporting training status changes to VA and pointed out that schools were not to be relieved of this responsibility. Furthermore, regional offices were instructed to closely review overpayments to determine school liability.

In January 1975, Los Angeles regional officials advised us that no assessments had been made against schools in that region for negligent reporting of training status changes. Despite the May 1975 circular and the results of our analyses of 135 overpayment cases, as of December 31, 1975, no assessments of liability had yet been made against any schools in the region.

The long delays by schools in reporting training status changes, identified in our analyses of the 135 sampled overpayment cases, may indicate general negligence on the part of those schools. However, because of VA's emphasis on the students' responsibilities to repay the overpayments, the schools have been generally unaffected by the overpayment problems of eligible persons on their campuses.

Proper implementation of VA's May 1975 circular could change this situation. Several officials of Los Angeles area schools have stated, and we agree, that assessing the schools for overpayments resulting from untimely reporting of training status changes might motivate the schools to improve their reporting.

VA needs to reevaluate reporting fees paid schools

Each year since fiscal year 1967, pursuant to 38 U.S.C. 1784, VA has paid schools $3 for each veteran and dependent on their rolls as of October 31 to cover the cost of administrative activity and the preparation of required reports. Since August 1974 VA has also paid schools an additional $1 for each student receiving an advance check that must be handled and delivered to the student at registration.

In fiscal year 1975, reporting and check handling fees paid to schools nationwide totaled about $5.2 million. VA estimates that in fiscal year 1976 these fees will total about $6.4 million, reflecting the increased numbers of veterans and dependents expected to attend colleges and universities this year.

According to officials at all schools visited, the $3 fee was insufficient to cover the costs of recording and reporting on veteran and dependent educational program activities. Several stated that the total fees received would not even pay the salaries of those responsible for reporting changes in training status. Reporting fees, including the $1 fee for handling advance payment checks, paid to the six schools in our sample in 1974 follow:

Junior College-A	$13,[illegible]96
State University	10,788
Private University	10,076
Junior College-B	9,730
Junior College-C	8,538
Junior College-D	8,052
Total	$60,680

In the 8 years that the $3 reporting fee has been in effect, it has not been reevaluated to determine its adequacy in light of rising school operating costs and as an incentive for timely reporting of training status changes.

In view of the identified delays in school reporting and school officials' comments about the inadequacy of the current $3 reporting fee, we believe VA should reevaluate the fee and, if appropriate, submit amendatory legislation to the Congress.

VA resources on school campuses could be better utilized

At colleges and universities nationwide, VA has considerable staff resources available that could be more effectively used to reduce schools' delays in reporting training status changes of enrolled veterans and dependents. These resources include (1) full-time VA employees, known as veteran representatives on campus, and (2) veteran-students participating in VA's work-study program.

Veteran representatives on campus

Since August 1974 VA has had more than 1,300 veteran representatives on school campuses primarily to answer benefit inquiries from veterans and expedite educational assistance payments. Employing veteran representatives and assigning them to campuses was initially an administrative action in response to numerous delays that veterans had experienced in receiving their educational assistance payments during the previous school year. The veteran representatives on campus program was mandated by the Congress in December 1974 when it enacted Public Law 93-508.

Because of opposition to the program by schools that viewed it as an unwarranted Government intrusion in school affairs, VA decided to limit veteran representatives' activities to answering inquiries from veterans and not let them become involved in certifying student attendance or other school reporting responsibilities. At five of six Los Angeles area schools visited, veteran representatives were generally complying with these limitations, concentrating almost exclusively on veterans' inquiries. At the sixth school, veteran representatives had temporarily assumed the responsibility for reporting training status changes while the school official normally responsible for this was on leave pursuing an advanced degree. Because the representatives had not been performing this responsibility for long at the time of our visit, we could not evaluate their effect on the timeliness of the school's status change reporting.

We believe that, if given the opportunity and permission to do so, veteran representatives could provide more valuable assistance to VA, the schools, and the veterans by helping to identify ways of improving the timeliness of the schools' status change reporting and thus reduce the overpayments at those schools. Although some schools continue to restrict representatives' access to school records, we believe, on the basis of our visits to schools and discussion with VA officials, that the initial objections to placing veteran representatives on campus have generally subsided. Officials at all six schools said they would welcome suggestions from VA for improving their reporting procedures.

Work-study veterans

Under VA's work-study program, veteran representatives and the schools can receive part-time assistance from veteran-students, who are paid an additional educational assistance allowance of up to $625 per enrollment period for up to 250 hours of VA-related work. This work can involve (1) veteran outreach services, (2) preparation and processing of necessary papers and other documents at schools or at VA facilities, or (3) any other appropriate VA activity.

VA estimates that, in fiscal year 1976, 9.5 million work-study hours will be used nationwide at a cost of $23.6 million and that in fiscal year 1977 a total of 9 million hours will be used at a cost of $22.4 million.

Despite statutory restrictions to the contrary, work-study veterans are not necessarily working exclusively in VA-related activities. At three of the Los Angeles area schools we visited, many work-study veterans were working in non-veterans-affairs areas, such as school libraries, cafeterias, and janitorial areas. At one school with 49 work-study veterans, the on-campus veteran representatives were using only 6 veterans and the school's veterans affairs office only 12. The remaining 31 veterans were being used in assorted non-veterans-affairs areas.

In June 1975, VA's central office instructed all regional offices to insure that work-study veterans work only under the supervision of a VA employee and only on veteran affairs activities directly related to VA's responsibilities in approving and paying benefits. This instruction is a step in the right direction. Work-study veterans on college and university campuses, in our opinion, can provide a valuable service in helping veteran representatives and the schools to expedite status change reports and in identifying ways to improve the schools' reporting procedures and practices.

CONCLUSIONS

VA actions to improve veteran/school reporting have been limited. Compliance surveys conducted at colleges and universities were increased during fiscal year 1975, but such surveys should devote more attention to evaluating the reporting systems so that constructive suggestions can be made to school officials. More VA assistance and guidance to State approving agencies is needed if these agencies are to alleviate school reporting problems that cause overpayments. With about 22 percent of the colleges and universities accounting for over two-thirds of the outstanding overpayments (as of December 31, 1974) VA could concentrate its limited resources on certain schools to substantially improve the overpayment situation.

VA could also reduce overpayments by (1) increasing overpayment assessments against schools that are negligent in reporting training status changes, (2) increasingly using VA staff resources on school campuses to correct reporting problems, and (3) evaluating the reasonableness of the statutory reporting fees paid to schools and, if necessary, proposing amendatory legislation to the Congress.

RECOMMENDATIONS TO THE ADMINISTRATOR OF VETERANS AFFAIRS

To reduce overpayments, we recommend that the Administrator emphasize:

--Improving the timeliness of school reporting through more frequent, comprehensive compliance surveys at schools, particularly those with large balances of overpayments.

--Increasing guidance to and cooperation with State approving agencies on overpayment problems.

--Increasing assessments of overpayments against schools which are negligent in reporting training status changes.

--Increasingly using its on-campus resources, such as veteran representatives and work-study veterans, in identifying and correcting school reporting problems.

--Reevaluating the adequacy of statutory school reporting fees as an incentive for timely reporting of training status changes and, if necessary, submitting proposed amendatory legislation to the Congress.

CHAPTER 4

OVERPAYMENTS CAUSED BY VA PROCESSING CAN BE REDUCED

By improving its processing techniques, VA can reduce overpayments. Manual verification of training status changes by VA's regional offices should be eliminated. This would speed the processing of changes and thereby avoid as much as 11 percent of all overpayments. Also, by limiting the use of special payments to those cases involving economic hardship, VA could greatly reduce the 10 percent of overpayments caused by special payment procedures. Overpayments could be further reduced if VA increased its use of teletype stop-payment procedures.

MANUAL VERIFICATION OF STATUS CHANGES SHOULD BE ELIMINATED

As indicated in the chart on p. 3, when a training status change notice is received at a VA regional office, the student's claim folder is reviewed to verify the accuracy of data on the notice before it is forwarded to the Hines data center for computer processing. Reviewing the claim folder is a time-consuming manual process.

In July 1971, we reported to the Congress 1/ that VA could more quickly process training status changes by eliminating this manual verification procedure at its regional offices, relying instead on the Hines data processing center's computer screening functions. In a test project performed in conjunction with the Los Angeles regional office in 1970, we found that about 90 percent of the status changes could be processed correctly through the regional office to the Hines data center without routinely pulling and reviewing individual claim folders. The other 10 percent were rejected at the data center and required regional office review to correct name and/or identification numbers (8 percent) and erroneous termination of training (2 percent).

We concluded that, by eliminating the manual verification procedure, VA could accelerate the processing and disposition of status changes, saving about $600,000 annually.

1/"Further Action By Veterans Administration Could Reduce Administrative Cost and Improve Service to Veterans Receiving Educational Benefits," B-114859, July 8, 1971.

VA agreed in principle with our recommendation and indicated that it planned to automate status changes. VA gave similar assurances to the Senate Committee on Government Operations in August 1971, indicating implementation by June 1972. However, VA subsequently decided against automating status change processing.

To obtain a more current assessment of the accuracy of information submitted by schools in reporting status changes, we evaluated a sample of 39 status changes at the Los Angeles regional office in 1975. About 92 percent (36 changes) were found to be accurate, complete, and sufficient for processing without claim folder review. This sample was small, but the results closely approximated those of the 1970 test.

Through discussions with VA officials and our analysis of statistical information, we determined that processing training status changes without manual verification of data would have required an average of about 10 days at the Los Angeles regional office, a savings of 7 days compared to the normal average of about 17 days. By applying the 10-day processing time to the actual circumstances in the 135 sampled overpayment cases, we determined that $7,333, or about 11 percent, of the $64,115 in total overpayments for these cases could have been avoided by eliminating manual verification. Although processing times may vary from region to region, we believe that much of the overpayment amounts established nationwide could have been avoided if our 1971 recommendation had been implemented.

We also estimated that, had VA's Los Angeles regional office implemented the automated processing of status changes as planned, about $1.4 million in admininstrative costs could have been avoided between July 1972 and December 1974. These costs, which related to salaries, overtime payments, and general overhead, were based on our comparative estimates of the total man-hours needed during the period to process the training status changes, both with and without manually reviewing individual case files to verify the accuracy of the data on each change document. We did not compute the costs of manually reviewing case files for training status changes at the other 57 VA regional offices; however, we believe millions of dollars in administrative costs might have been avoided nationwide by automating the processing of training status changes.

In May 1975, we asked VA why the automated status change processing was not put into effect. The Administrator of VA responded in July 1975, stating in part that

> "The processing of any additional status changes without a review of the claims folder has been decided against due to the inherent dangers involved. To amend an award without reviewing the claims folder may very easily result in an erroneous award or duplication of actions. The processing of changes in dependents is another area in which caution should be exercised by reviewing the claims folder before a determination is made to increase or decrease benefits. Legal questions of marriage, divorce, separation and custody of children may complicate the situation."

We recognize that these factors influence the processing of status changes, but for the following reasons we do not agree that these problems are significant enough to justify prohibiting the automation of status change processing.

--In our review of overpayment cases, we did not find any cases complicated by dependency status or by legal questions of marriage, divorce, separation, and custody of children. Changes of this nature occur much less frequently than school terminations or increases or decreases of training load. Changes in these categories generally have to orginate with the veteran since school officials have no way of knowing when they occur. Furthermore, VA claim files contain essentially the same data on these matters as do the Hines computer files.

--Each year schools are required to notify VA of veterans who are continuing their educational pursuits by reenrolling in school. These reenrollment notices were once routinely reviewed by regional offices with claim folders in much the same manner as training status changes. However, in 1970 VA automated the processing of these forms, eliminating regional office review. VA told us and the Congress that the next step was the automation of status changes. We believe that VA should follow through with the automation of training status changes based, in part, on its success with reenrollment notices.

--VA has not made any studies to demonstrate that automation of status changes is impractical.

USE OF SPECIAL PAYMENTS SHOULD BE LIMITED TO HARDSHIPS

Hardship payments, made outside the regular education benefit payment system by local or teletype procedures, were originally established by VA to pay individuals suffering economic hardships because of delays in the processing of their regular benefit payments. In July 1974, however, VA dropped the term "hardship" and substituted the term "special" to more appropriately recognize the expanded use of these payments by regional offices. Under VA's expanded criteria, special payments will be made:

--If the eligible person had claimed financial need.

--To pay persons due more than 30 days benefits at the time their paperwork is processed for benefit payments.

--If a regular entrance or reentrance benefit award document had been rejected by the Hines data center's computer because of data errors, and a payment is due.

--To speed the processing of advance payment checks when regular processing will not get these checks to the schools in time for delivery to the student at registration.

In our sample of overpayment cases, special payments caused about 10 percent of the overpayments. Nationwide, overpayments resulting from special payments amounted to $11.6 million as of December 31, 1974, or about 9 percent of total overpayments then outstanding. Regional offices are using special payments more frequently. In fiscal year 1974 special payments accounted for about 5 percent of all educational assistance payments made, but in fiscal year 1975 special payments accounted for about 10 percent of the total assistance payments.

Special payments become overpayments substantially more often than regular payments because transaction data is not verified with the Hines data center master records before benefit checks are issued. With regular benefit payments, transaction data is automatically verified with Hines master record data to safeguard against inappropriate payments. Circumventing the master record verification reduces processing time, minimizes rejections, and speeds the issuances of benefit checks, but it also causes substantially more overpayments.

Our comparative analysis of fiscal year 1974 regular and special payment statistics for the Los Angeles regional office showed that 3.3 percent of the regular payments resulted in overpayments, whereas 6.3 percent of the special payments became overpayments. Therefore, special payments had a 91 percent greater chance of becoming overpayments than did regular payments.

Two special payment situations that frequently result in overpayments are described below.

--When the regular transaction data, which normally follows the special payment data, processes through the master record before the special payment, a regular benefit check is issued. When the special payment transaction finally arrives, it is also processed with a benefit check issued for the same period covered by the regular payment, thereby creating an overpayment. Had the special payment been processed first, a suspense account would have been established in the master record for offset against the regular payment transaction, thus preventing the overpayment.

--Incorrect data, such as the person's name or identification number, listed on either the special payment transaction or the subsequent regular payment transaction will prevent the computer from matching the two transactions. An overpayment will result by the issuance of two benefit checks for the same period.

We did not determine the number of persons who routinely received a special payment that would have qualified for a hardship payment. However, on the basis of VA-wide data, we believe many special payments would not have been made had the bona fide hardship criteria continued. During fiscal year 1974, 267,470 special payments were made. In fiscal year 1975, after the term "hardship" was dropped, 816,824 special payments were made, representing an increase of 205 percent. During the same period, the number of persons in training increased by only 14.3 percent, from 2.45 million to 2.80 million.

In view of the higher frequency of overpayments that VA is experiencing as a result of its liberalized use of special payments, we believe it should limit these payments to cases of bona fide hardship.

TELETYPE STOP-PAYMENT NOTICES SHOULD BE USED MORE OFTEN

Regional offices can further reduce overpayments by increasing their use of teletype transmissions of stop-payment notices to the Hines data processing center. In many cases the VA Los Angeles regional office could have prevented 1 month's overpayment by transmitting a teletype stop-payment notice to the Hines center when insufficient time remained for regular processing.

The Hines data center operates on computer processing cycles to handle the various transactions necessary to administer VA's compensation, pension, and educational assistance programs. Each computer processing cycle operates at certain times each month. To update VA's master records, data must reach the Hines center by specific dates during the month. The regional offices receive a list of these dates in advance of each month's processing schedule so that they can mail data to reach the center in time for processing during the appropriate cycles.

Under VA's compensation and pension programs and in accordance with established operating procedures, regional offices routinely transmit teletype stop-payment notices to the Hines data center when normally processed notices would not arrive in time to prevent an overpayment. However, regional offices seldom use teletype stop-payment procedures for educational assistance benefits. Nationwide, between March 1, 1975, and July 17, 1975, only 1,016 education stop-payment notices were teletyped to Hines by all regional offices. During the same period, the Hines center received 4,315 stop-payment teletype messages for compensation and pension payments.

VA's educational assistance regulations allow regional offices to use teletype stop-payment procedures; however, as pointed out by officials at VA's central office and Los Angeles regional office, the regions are not required or directed to use the procedures to stop education payments. According to VA central office officials, regions could make greater use of the procedures but a feasibility study would be necessary before the central office would direct regional offices to substantially increase such use.

We do not agree that a feasibility study is needed before VA's regional offices can be directed to increase their use of the stop-payment procedures. The feasibility of these procedures has been acknowledged by VA's providing for their use in its regulations and has been demonstrated by the March to July 1975 statistics which showed that the procedures were used 1,016 times to stop education overpayments. We believe that the regional offices should be directed immediately to substantially increase their use of teletype stop-payment notices as a means of preventing educational assistance overpayments.

CONCLUSIONS

VA regional processing problems, including special payment errors and delays in processing training status changes, account for many of the educational assistance overpayments made annually. Improvements can and should be made to avoid or minimize these problems.

By implementing our prior recommendations for automating training status changes, VA could have reduced overpayments by as much as 11 percent while reducing administrative costs at the Los Angeles region by about $1.4 million through December 31, 1974. Had VA implemented this recommendation in June 1972 as it originally intended, millions of dollars in administrative costs might have been avoided nationwide over the succeeding 2 1/2 years.

Because they bypass normal fiscal controls, special payments much more frequently result in overpayments than do regular benefit payments. In the last several years VA has increasingly issued special payments. In our opinion, limiting special payments to persons with bona-fide economic hardships would greatly reduce the number of these payments and the number of overpayments.

Overpayments could be further reduced by using teletype stop-payment notices in cases where routine processing would fail to notify the Hines data center soon enough to prevent issuance of the next month's payments.

RECOMMENDATIONS TO THE ADMINISTRATOR OF VETERANS AFFAIRS

To reduce educational assistance overpayments due to VA processing procedures, the Administrator should

- --implement immediately a pilot program to automate training status changes as recommended in our 1971 report,
- --limit the use of special payments to proven hardship cases, and
- --expand the use of teletype stop-payment notices to halt overpayments.

CHAPTER 5

THE CONGRESS MAY NEED TO RECONSIDER THE ASSISTANCE PAYMENT LAW

Our analysis of 135 overpayment cases showed that about 21 percent of the overpayment amounts resulted from the advance payment and/or prepayment of educational assistance. The Congress can partially reduce the impact of advance payments in creating overpayments by amending the law to limit such payments to those individuals having bona fide financial needs. However, to curtail overpayments caused by the monthly prepayment of educational assistance, the Congress may have to reenact a post-payment system for educational benefits.

ADVANCE PAYMENT AND PREPAYMENT OF EDUCATIONAL ASSISTANCE

In October 1972, the Congress enacted the Vietnam Era Veterans' Readjustment Assistance Act of 1972 (Public Law 92-540). The act provided for (1) the advance payment of initial educational assistance benefits at the start of an enrollment period for those eligible persons pursuing a program of education on a half-time or more basis and (2) monthly prepayment of subsequent benefits during the period of enrollment. Before this act, educational assistance payments for training on a half-time or more basis were made at the end of the month for which the payments were earned. This was known as a post-payment system. The prepayment provision became effective on November 1, 1972, and the advance payment provision on August 1, 1973.

The advance payment provision was supported by VA and was based upon a finding by the Congress that

> "* * * eligible veterans and eligible persons need additional funds at the beginning of a school term to meet the expenses of books, travel, deposits, and payment for living quarters, the initial installment of tuition, and the other special expenses which are concentrated at the beginning of a school term." (38 U.S.C. 1780 (d)(1))

The advance payment is equal to the assistance allowance for the month or fraction thereof in which the eligible person's program of education will commence, plus the allowance for the next month.

The monthly prepayment of subsequent allowances is intended to shorten the time frame, by a full month, between the date the person receives his or her advance payment check and the date the next regular monthly check arrives. For example, if a veteran receives an advance payment check at registration on September 15, covering the allowances he would earn for the rest of September and all of October, under a post-payment system, he would not receive another assistance check until the end of November. Under the prepayment provision, his second check would arrive at the end of October or beginning of November.

BETTER CONTROLS NEEDED TO AVOID OR MINIMIZE OVERPAYMENTS

Despite administrative controls established by Public Law 92-540, advance payments and prepayments of educational assistance benefits are contributing greatly to VA's escalating overpayments problem.

As stated earlier, in the 6 years before fiscal year 1973, identified overpayments totaled $128 million. However, in fiscal year 1973, the first year of prepaid assistance, an additional $142.4 million in overpayments were made, and during fiscal year 1974, when advance payments were implemented, overpayments totaling $269 million were made.

In contrast to the $128 million in overpayments during fiscal years 1967-72, overpayments in the following 3 1/2 years have totaled more than $1.2 billion. This does not mean that all overpayments since fiscal year 1972 have been the result of advance payments and prepayments; however, these provisions have been in recent years, and continue to be, major factors contributing to the enormous growth in overpayments.

Of the 135 overpayment cases sampled at the 6 Los Angeles area schools selected for study, 104 (77 percent) involved overpayments that occurred after November 1, 1972, when the advance payment and/or prepayment provisions were in effect. In 83 (about 80 percent) of the 104 cases, the advance payment or prepayment provision contributed to the overpayment made, accounting for $13,332 (21 percent) of the $64,115 in overpayments for all 135 cases sampled.

To assess the influence of advance payments as a cause of overpayments, we analyzed the sampled overpayments established during the 1974 fall school term--September to December 1974--a time when large numbers of advance payments were made. Twenty-six percent of the sampled overpayment amounts established during that period were the result of advance payments.

Ineffective administrative controls

Public Law 92-540 contained a number of administrative controls to deal with possible overpayments that might result from the advance payment and prepayment of educational assistance. These controls included (1) requiring proof of the individual's enrollment in an approved educational institution before releasing the advance payment; (2) permitting VA to withhold the final payment of an enrollment period until proof of the individual's satisfactory pursuit of his educational or training program has been submitted; (3) authorizing VA to offset any resulting overpayment against any other benefit (such as compensation or pension payments) otherwise due the overpaid individual under any other law VA administers; and (4) declaring any overpayment not recoverable by offset to be a liability of the overpaid individual, recoverable in the same manner as any other debt due the United States.

These administrative controls may have partially deterred abuses of the payment provisions and provided legal bases and procedures for at least partial recovery of overpayments, but they have not effectively prevented overpayments. As shown in our sample of overpayment cases, 21 percent of the total overpayment amounts were the direct result of either advance payments or prepayments to individuals certified as having enrolled in approved educational programs.

In some instances the individual had been certified by the school as having enrolled, was given his advance payment, but then failed to pursue any training. (See second example on p. 8.) In other instances individuals dropped out of school after partially pursuing training, and overpayments resulted, even though the school and VA may have received timely notification of the status change, because the individuals had been prepaid for at least part of the next month's unearned assistance payment. (See first example on p. 8.) The existing administrative controls cannot prevent these types of overpayments from occurring. They are built into the payment system and occur because of the manner in which payments are authorized to be made.

VA policy may be contributing to overpayments

The current VA policy of automatically authorizing advance payments may also be contributing substantially to the overpayments resulting from advance payments. When advance payments were first introduced in August 1973, VA made an advance payment only upon specific request from the eligible person. Under this policy about 563,000 advance payments totaling $202.4 million were made in fiscal year 1974. (During the same year, $269 million in overpayments were made.)

In May 1974, however, to provide more timely delivery of educational assistance payments, VA began to automatically authorize an advance payment, without a specific request, when information was received from the individual or the school that the individual was eligible for benefits and would be enrolling in an educational program. As a result of this liberal policy, about 736,000 advance payments totaling $273.5 million were made in fiscal year 1975, representing a 31 percent increase over the previous year. In the 6 months ended December 31, 1975, about 608,000 advance payments totaling $234 million were made. (During the same periods, $446.3 million and $411.7 million, respectively, in overpayments were made.)

VA's routine issuance of large numbers of advance payments without ascertaining the students' desire or financial need for these payments, in our opinion, is contributing to the growing number of overpayments.

According to officials of VA's central office, this policy of automatically authorizing advance payments to all persons eligible under the law reflects the intent of the Congress in enacting the advance payment provision in 38 U.S.C. 1780. We tend to agree. In view of the resulting high incidence of overpayments, however, we believe that those receiving advance payments (which for an unmarried person can be as much as $540) should be required to meet a bona fide financial needs test.

We recognize that persons enrolling in certain schools, particularly private 4-year colleges and universities, are often faced with very high initial school expenses and may have a justified financial need for an advance payment. However, other persons, such as those enrolling in State-supported colleges or universities or in 2-year junior or community colleges, generally have relatively low tuition costs and may not need a sizeable advance payment. Moreover, as pointed out on page 8, as of December 31, 1974, junior colleges accounted for over 56 percent of the total overpayments nationwide made to persons attending colleges and universities.

We believe, therefore, that 38 U.S.C. 1780 should be amended to require VA to issue advance payments only to those individuals determined by VA to have a bona fide financial need. Individuals desiring advance payments should be required to provide a brief statement of their financial need for the advance. This procedure, we believe, would significantly reduce the number of advance payments and resulting overpayments, while still providing advance assistance to those individuals with a bona fide financial need.

CONCLUSIONS

The advance payment and prepayment provisions of Public Law 92-540 and VA's administration of the advance payment provision have caused many overpayments. Limiting advance payments to individuals who are determined to have a bona fide financial need could greatly reduce overpayments attributable to the advance payments. However, overpayments attributable to prepayment of subsequent monthly assistance allowances will continue to occur due to the inherent nature of these payments.

We recognize that the overpayment problem must be balanced against the desirability, and legislatively determined need, for paying educational assistance allowances before they are earned through actual pursuit of training. However, returning to a post-payment system, like that in effect before November 1972, would greatly reduce overpayments and relieve the growing pressures on VA's already strained collection system.

MATTERS FOR CONSIDERATION BY THE CONGRESS

In enacting the advance payment and prepayment provisions of Public Law 92-540, the Congress recognized that overpayments might result and, accordingly, enacted certain administrative controls. These controls, however, have not effectively prevented overpayments, primarily because of the nature of the payment provisions. As a result, many overpayments have occurred.

Limiting advance payments to those persons who have bona fide financial needs, in our opinion, would be consistent with congressional intent to provide advance assistance to those in need and could minimize overpayments attributable to advance payments. Accordingly, the Congress may wish to consider amending 38 U.S.C. 1780 to require persons desiring advance payments to submit a brief financial need statement for VA to use in determining their eligibility for advance payment.

Also, the only apparent way to stop overpayments resulting from monthly prepayments is to change the law. In view of the growing magnitude of overpayments, their adverse effect on those who receive and must repay them, and the desirability of fiscal restraint in these difficult economic times, the Congress may wish to reconsider the prepayment provision of Public Law 92-540 and to reenact a post-payment system for VA educational assistance benefits.

CHAPTER 6

VA'S COLLECTION EFFORTS NEED STRENGTHENING

Collection of educational assistance overpayments has not kept pace with the increasing numbers of overpayments established annually. Overpayments outstanding increased 3,450 percent, from $8.4 million at the end of fiscal year 1970 to $298.2 million at December 31, 1975. Overall, VA has collected about 75 percent of the overpayments established and has waived, compromised, and written off as uncollectible, about 4 percent. The other 21 percent is still on hand pending disposition. According to a VA analysis of $197.3 million in overpayment collections in fiscal year 1974, over 86 percent were accomplished by offset against benefits otherwise payable to persons continuing in training or returning to school. Cash repayments accounted for less than 14 percent of collections.

The following areas relating to VA's collection efforts need improvement.

--VA's Centralized Accounts Receivable System, which is overloaded with cases due to the increasing volume of overpayments.

--VA's collection procedures, which need to be more aggressive and explicit, particularly in letters to veterans.

--Determining the cost of collection in relation to potential recoveries.

--The collection of overpayments resulting from special payments.

--Cross-checking between programs, such as between compensation, pension, and educational assistance, to offset and collect overpayments.

Improvements in these areas should improve collection results. However, it should be kept in mind that, if VA concentrated on eliminating or minimizing the causes of overpayments (as discussed in previous chapters of this report), the need for an elaborate, expensive collection system would be lessened.

OVERPAYMENT ACCOUNTS BACKLOG INCREASING

VA's Centralized Accounts Receivable System at St. Paul, Minnesota, which became fully operational in January 1975, centralized VA collections. In its first 6 months of operation, the system received for collection from the Hines data center over 332,700 educational assistance overpayments valued at $180 million. In June 1975 alone, about 89,000 accounts were transferred to St. Paul for collection. As of June 30, 1975, the centralized system had a balance of 240,653 education overpayment accounts totaling more than $119 million.

The St. Paul system only receives "inactive" accounts--those involving persons who are not in training and against whom cash collection action must be taken. For "active" accounts, involving persons still in training, the Hines data center automatically offsets the overpayments against current education benefits until the full amount is recovered.

The increasing volume of inactive overpayment accounts has substantially increased the workload for the St. Paul computer system. As a consequence, the computer system has been unable to process all collection data on a daily basis. In May 1975 the system instead began processing education accounts every other day. According to St. Paul officials, if the current rates of new accounts and dispositions continue, the system may not be able to effectively process the increasing volume of accounts.

Shortages in trained staff have also been a problem. As of June 1975 the centralized system had only about 66 percent of authorized staff. As a result, 37,000 letters from overpaid persons remained unanswered, and about 17 percent of incoming mail could not be readily identified with overpayment accounts because personnel had not prepared case files on new accounts.

On September 16, 1975, we issued a letter report to the Administrator of VA on our review of VA's compliance with the Federal Claims Collection Act of 1966 (31 U.S.C. 951-953) and the regulations and procedures implementing that act. The report addressed, among other things, certain aspects of the Centralized Accounts Receivable System's operations. In responding to our recommendations, VA stated that several changes are being made to reduce the backlog at St. Paul. VA is planning to reorganize the system to better control the workload, staffing has been increased to a more realistic level, and a microfilm/microfiche system has been established to provide research sources for processing cases more expeditiously. Despite these efforts, we noted that as of March 5, 1976, St. Paul had a backlog of almost 39,000 unanswered letters.

COLLECTION LETTERS NEED REVISION

According to school officials, regional office collection personnel, and St. Paul VA officials, VA's letters to overpaid individuals requesting repayment do not sufficiently explain the cause of the overpayment. Such data as rates used to compute overpayments and inclusive periods of overpayments are not provided in these letters. As a result, the individuals and VA personnel reading these letters generally cannot adequately judge the reasonableness or validity of the overpayments. Over 26 percent of the letters received at St. Paul are requests for explanations of overpayments.

In addition, St. Paul VA officials have often had to rely on VA regional office personnel to properly re-create overpayment data because VA's initial collection letters, generated by the Hines data center, did not contain sufficient information. This had delayed responses to individual inquiries an additional 3 to 4 weeks.

The first collection letter to overpaid individuals--issued by the Hines data center--refers to their options of repaying in installments or requesting a waiver within 2 years. In our September 1975 report to the Administrator of VA, we recommended that VA's collection letters be revised to include the criteria under which a waiver of the overpayment could be granted. We believed that this might discourage routine requests for waivers, which are time consuming and expensive to review and process and which, if denied, delay or diminish the chance of collection.

VA concurred in our recommendation and has revised its collection letters to include the waiver criteria. This revision should result in fewer requests for waivers and improve VA's chances of recovering overpayments. However, on the basis of our discussions with private collection agency personnel, we believe additional revisions could further improve VA's collection efforts. Possible improvements include shortening the length of the first collection letter, restating it in definite terms.

In July 1974 the Administrator of VA appointed a task force to study, among other things, VA's policies, procedures, and controls governing the collection of overpayments. In March 1975 the task force issued an internal report on its study results. The task force, which recognized the shortcomings of VA collection letters, also recommended revising the letters to provide specific data on overpayments. The report pointed out that including comprehensive explanations of overpayments in these letters would significantly reduce correspondence concerning establishment of overpayments.

Also, the task force recommended shortening the intervals between letters. Its report indicated that 12 percent of overpaid veterans failed to respond to all three VA letters--58 percent did not respond to the first letter, 40 percent to the second letter, and 60 percent to the third letter. The task force recommended that the intervals for sending letters to veterans be reduced from 60 to 30 days.

The task force also studied the timeliness of collection letters in relation to repayment responses. Of 96 repayments received from 401 letters sent to 180 veterans, 85 repayments (89 percent) were in response to letters sent within 30 days after the establishment of the overpayments. Letters sent after more than 30 days received few repayment responses.

We discussed the timing of VA's collection letters with an official of a national association of professional collection agencies, which represents about 50 percent of all collection agencies nationwide. According to this official, his association favors sending collection letters at short intervals and recommends to its member agencies that the first letter be sent immediately upon receipt of the account and that later letters be sent at 7- to 10-day intervals. He believed VA's 60-day interval between letters to be much too long to insure effective collection. Although VA's collection activities cannot be directly compared with those of private agencies, we believe the national association official's comments have merit and should be recognized and considered by VA.

Taking into account this official's view and the task force's study, we believe that VA should determine the feasibility of further reducing the interval between its first and second collection letters to less than the recommended 30 days. This action, if deemed feasible, would in our opinion further increase repayment responses from overpaid individuals.

Letters notifying veterans of eligibility and benefits--referred to as award letters--do not also alert veterans that they have overpayments outstanding. Consequently, veterans are not notified that future benefit payments will be withheld until the overpayments are recovered.

COST OF VA'S COLLECTION EFFORTS UNKNOWN

The Federal Claims Collection Act of 1966 authorizes agencies attempting to collect debts of less than $20,000 owed the Government to terminate or suspend collection actions when costs of collection exceed the amount owed. VA has not analyzed its collection activities to identify its costs of collection. Therefore, VA officials at St. Paul cannot adequately make the decisions authorized by the law. VA's task force report noted this deficiency and recommended that the VA Controller undertake a study to develop a system to capture and report all collection and other disposition costs for overpayments. As of November 1975, about 8 months after issuance of the task force report, VA had not yet implemented this recommendation.

COLLECTION ACTION ON SPECIAL OVERPAYMENTS SHOULD BE MORE TIMELY

Over the last several years, overpayments resulting from special payments have increased dramatically. However, collection of these overpayments has been delayed much longer than collection of regular overpayments because special payment transactions are held about 60 days before being converted to overpayments. The special payment is held 30 days in a suspense account at the Hines data center while awaiting receipt of the individual's regular payment transaction document, and 30 additional days at the St. Paul center while further time is allowed for receipt of the transaction document at Hines. Consequently, 60 days elapse before the first collection letter is issued for a special overpayment, after which the account is processed in the same manner as other overpayment accounts.

As VA and private collection agency officials said, the likelihood of collection decreases as time passes; thus, more timely collection action is imperative. VA's task force study also stressed that intervals between overpayments and collection actions are crucial to recovery and suggested that these intervals be shortened.

Another problem is that, according to VA officials, the St. Paul computer system cannot match and consolidate special overpayment accounts with regular overpayment accounts for the same persons. Consequently, a person with both special and regular overpayments will receive separate letters concerning each overpayment. In our opinion, receipt of two collection letters, neither of which refers to the other overpayment, may confuse the person and diminish his acceptance of responsibility to repay the overpayments.

LIMITED CROSS-CHECKING BETWEEN VA PROGRAMS TO COLLECT OVERPAYMENTS

The systems at Hines and St. Paul do not automatically cross-check between benefit programs, such as the educational assistance and compensation and pension programs, for overpayments that could be offset against other program benefits.

Regional offices are supposed to manually check for such situations when reviewing claim folders. However, as pointed out in VA's March 1975 task force study report, this is seldom done.

The task force found that in only 14 percent of educational overpayment accounts for veterans receiving compensation or pension benefits had VA made arrangements for repaying the overpayment. The task force estimated that over $6.4 million of the $134.7 million in overpayments outstanding on December 31, 1974, could have been recovered if these accounts had been screened and offset properly. The task force recommended that regional offices and the St. Paul system be given a list of veterans who are receiving compensation and pension benefits so that offsets can be initiated. It also recommended that the compensation and pension system at the Hines data center be modified so that educational assistance overpayment cases can be automatically matched to compensation and pension accounts and messages can be released to regional offices on these cases.

In our September 1975 report to VA on our review of the Centralized Accounts Receivable System's operations, we pointed out VA's obligation, under 4 C.F.R. 102-3, to collect overpayments by offset in every feasible instance. We also noted the need to insure that VA has explored the possibility of collection by offset against other benefits before referring an overpayment case to GAO as uncollectible. In responding to our report, VA said it has "developed a method of using master record writeouts [from the Hines data center] to identify debts that could be collected by offset procedures."

This procedure represents an improvement and was implemented as a modified response to the task force's recommendation; however, the offset process, using the master record writeouts, is still a manual one used at St. Paul only when normal prescribed collection procedures have been exhausted and the case is about to be referred to GAO or administratively terminated. VA has stated that, because the compensation and pension system at Hines is entirely separate from the education system, the problems involved in adopting a computerized, automatic matching of overpayment cases with other benefits would far outweigh any advantages derived. In our opinion, there is a great potential for recoveries by using the matching process, as demonstrated by VA's task force, and no formal study has been made indicating the contrary. Therefore, we believe VA should reconsider this matter and determine the feasibility of the automatic matching process.

CONCLUSIONS

Collection of existing overpayments has increasingly lagged behind the annual increases in overpayments; consequently, the outstanding balance of uncollected overpayments has increased substantially. VA has centralized the collection of overpayments at St. Paul, but the centralized system has not been able to keep pace with increasing numbers of overpayments. Major problems are that

--the computer system lacks the ability to perform all the necessary collection functions and

--personnel shortages cause backlogs in administrative areas, such as responding to veteran inquiries and establishing new case files.

These problems could be lessened if VA concentrated on eliminating or minimizing the causes of overpayments. If the causes are not effectively dealt with, the overpayments will continue to increase, creating a need for additional staff and equipment to handle collection efforts.

Other collection problems also need attention. VA's collection letters do not sufficiently explain to overpaid individuals and VA officials the nature of the overpayments. Also, award letters to veterans do not show overpayments outstanding or alert veterans that subsequent benefits will be withheld to recover overpayments outstanding.

VA does not know the cost of recovering overpayments and, consequently, does not know whether collection costs for a given case are exceeding recoveries. By law, Federal agencies are authorized to terminate collection efforts on accounts where collection costs will exceed recovered amounts.

Individuals are receiving compensation and pension benefits while educational overpayments remain uncollected. VA does not have an automatic system for cross-checking between programs to identify persons with educational overpayments who are receiving benefits under the compensation or pension programs.

RECOMMENDATIONS TO THE ADMINISTRATOR OF VETERANS AFFAIRS

Even if the various causes of overpayments remain, much can be done to improve the existing collection system. Accordingly, we recommend that the Administrator emphasize:

--Improving the efficiency of the Centralized Accounts Receivable System's operations in processing cash collection actions and in responding to inquiries from persons who have been overpaid.

--Revising collection letters to provide full explanations of the overpayments, including the periods and rates involved, and to further reduce the interval between the first and second collection letters.

--Revising award letters to refer to overpayments outstanding so that the individuals receiving them will be aware that subsequent benefits will be offset to recover outstanding overpayments.

--Developing statistics that will provide comprehensive data on collection costs that can be compared to potential recoveries so that collection costs will not exceed recoveries.

--Improving the timeliness of collection actions on special overpayments by decreasing the period special payments are held in suspense awaiting award actions.

--Determining the feasibility of establishing an automatic cross-checking system for matching persons receiving compensation or pension benefits with their educational overpayment accounts so that collections can be accomplished by offset.

CHAPTER 7

AGENCY COMMENTS AND OUR EVALUATION

On March 15, 1976, we met with VA central office officials, including the Chief Benefits Director, the Chief Data Management Director, the Controller, the Assistant Administrator for Planning and Evaluation, and other officials of the Departments of Veterans Benefits and Data Management, Internal Audit Service, and the Office of the General Counsel, to obtain their oral comments on this report. These officials did not disagree with our findings about the underlying causes of the growing numbers and amounts of educational assistance overpayments.

The Chief Benefits Director, acting as spokesman for VA, generally agreed with most of our conclusions and recommendations about possible solutions open to VA for minimizing future overpayments. Regarding our specific recommendations to the Administrator of Veterans Affairs, the Chief Benefits Director stated that:

--VA has made a considerable effort in the past year to notify veterans of their obligation to promptly report training status changes and will continue this effort.

--VA is providing increased guidance and assistance to schools, particularly through its veteran representatives on campus, and in the past year has sharply increased the number of compliance surveys at junior and community colleges and other institutions of higher learning.

--State approving agencies are being provided additional guidance on the overpayments problem and additional funding in fiscal years 1976 and 1977 to provide increased surveillance of schools nationwide. Also, VA will begin providing approving agencies with data showing which schools have a high incidence of overpayments.

--VA has increased its efforts to identify and assess overpayments against schools that are negligent in reporting training status changes to VA; however, to be more effective in this area, VA needs to better define "negligent."

--VA agrees that a study would have to be made to determine the appropriateness of the current reporting fees paid schools by VA pursuant to 38 U.S.C. 1784, but VA has neither the funds nor staff resources to make such a study. Also, if such a study were made, schools would probably not be willing to provide VA with needed data on their costs of veteran-related reporting and recordkeeping.

--VA plans to implement, on a pilot basis, our prior recommendation to process training status changes through its regional offices without manually verifying data on the change documents. If this proves successful, VA will implement our recommendation nationwide.

--VA has provided its regional offices additional guidance on the circumstances justifying use of special payments and, as a result, the number of special payments made in the first half of this fiscal year has dropped compared with the first half of fiscal year 1975. However, VA believes more can be done to further limit the use of special payments and will explore various means to do so in light of the high incidence of overpayments resulting from special payments.

--VA plans to instruct its regional offices to increase their use of teletype stop-payment notices to the Hines data center to prevent educational assistance overpayments.

--VA plans to make greater use of its on-campus veteran representatives and work-study veterans in helping schools solve their status change reporting problems.

--VA agrees that, in the overpayment collections area, improvements could be made in its collection letters and in the timing of its collection actions; however, because of continuing workload backlogs and unavailability of computer time at its Hines and St. Paul data centers, our suggested improvements cannot be implemented now. Also, VA believes the automatic cross-checking of education overpayments against benefits being paid under the compensation and pension system would require system redesign and reprograming at the Hines data center.

The written comments of the Administrator of Veterans Affairs in response to this report have been included as appendix I.

CHAPTER 8

SCOPE OF REVIEW

To identify and assess the causes of educational assistance overpayments, we performed work at VA's

--central office, Washington, D.C.;

--data processing center, Hines, Illinois;

--Centralized Accounts Receivable System, St. Paul, Minnesota; and

--regional office, Los Angeles, California.

We visited seven schools in VA's Los Angeles region. For six of the seven schools--one State-supported university, one private university, and four junior colleges--we selected a sample of 135 overpayment cases for detailed analyses of the causes of overpayments. The seventh school--a junior college--had the sixth highest amount of overpayments outstanding, as of December 31, 1974, in the Los Angeles region. We also visited the regional office of the California State Approving Agency in Los Angeles.

At these locations, we reviewed the legislation, regulations, policies, procedures, and practices pertaining to VA's educational assistance payment system; reporting and processing of training status changes; and the collection of educational assistance overpayments. We also discussed these areas with VA, State, and school officials.

VETERANS ADMINISTRATION
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS
WASHINGTON, D.C. 20420

March 18, 1976

Mr. Gregory J. Ahart
Director
Manpower & Welfare Division
U. S. General Accounting Office
Washington, D. C. 20548

Dear Mr. Ahart:

We have reviewed the draft of your proposed report to the Congress on your study of the Educational Assistance overpayments and have discussed the report orally with members of your staff, but we also want these written comments to be a part of your final report.

We agree that the causes for overpayments can be primarily related to the three causes indicated in the draft report. However, the percentages shown should not necessarily be considered as national figures since the statistical base for development of these was so small.

We are sure you would agree that the best way to reduce the outstanding balance of overpayments is not only to have an effective collection program, but also to reduce the number being created. Our efforts are being channeled in both directions. However, it should be noted that as we tighten controls and put greater emphasis on schools to report changes, the initial impact will be and has been an increase in overpayments. We believe the report should reflect this.

Some of the recommendations outlined in your proposed report to alleviate the overpayment problem represent areas that our Agency is developing or has already developed and implemented for the specific purpose of reducing overpayments and insuring that the education program is being administered in accordance with the intent of the law. Again, we feel that your report to the Congress should reflect this as opposed to perhaps leaving the impression that the recommendations were generated by your study. These recommendations are referred to in the attached narrative comment on each recommendation.

Mr. Gregory J. Ahart
U. S. General Accounting Office

Generally, we feel that your comments and recommendations are based on sound assumptions and as indicated in our recent discussions we will implement many of them as expediently as possible. We appreciate your desire to be helpful to us as we pursue the solving of a most difficult problem.

Sincerely,

Odell W. Vaughn
Deputy Administrator - in the absence of

RICHARD L. ROUDEBUSH
Administrator

Attachment

RECOMMENDATION: VA should notify veterans of their obligation to report program changes promptly.

We have already accomplished this by means of various notifications sent to the veteran. Every original entrance or re-entrance award letter sent to students attending Institute of Higher Learning, Non-College Degree, Apprenticeship or On-the-Job Training programs contains a notice that the VA must be informed of any change in training status. In addition, every education payment check sent out during the months of November 1975 and March 1976 contained a notice that any change in training status must be reported immediately to the VA. We are also in constant liaison with educational institutions in this regard and also are making extensive use of our Vet Rep on Campus Program.

RECOMMENDATION: VA should increase guidance and assistance to schools and step up compliance surveys at these schools.

This effort is in progress. Central Office review of regional office operations consistently emphasizes the need for improved liaison and communication with schools. VA regional office personnel are involved in an increasing amount of conferences, workshops, individual meetings with local school officials where VA policy is translated to individual situations. An excellent example of our efforts in this area is the changes to VA regulations which established a requirement that all schools set standards of progress which must be approved by the appropriate State approving agency. These changes and corresponding circulars to VA regional offices spelled out specifically what we considered acceptable. These changes generated a number of meetings and conferences throughout the nation and the Administrator, and the Chief Benefits Director presented clarifying comments on the issue in a meeting with members of the national education community on January 7, 1976.

As pointed out in the GAO report we issued a change to our policy concerning the scheduling of compliance surveys in December 1975. A pertinent portion of the reason for the change states, "This change is due to the need for tighter controls in the administration of the education program. The new schedule is for immediate implementation. Compliance surveys for the last 6 months of this fiscal year (1976) should be scheduled in accordance with these guidelines." The change involved surveying annually all institutions of higher learning with an enrollment of 300 or more students under chapters 34 and/or 35, and to similarly survey 25 percent of all institutions with an enrollment of less than 300 students. In addition, all non-college degree schools with eligible persons enrolled will be surveyed each fiscal year.

These changes drastically and obviously increase our workload and costs for each of our Regional Offices.

In some cases, where schools have severe deficiencies, total audits of records have occurred which involve many weeks at one school. Thus we have increased both the number of compliance surveys and the depth of those surveys, which again requires expending a considerable amount of resources. More in-depth quality surveys will result in reporting deficiencies being called to schools' attention. We hope to see the fruits of these efforts in the coming year as a result of new training guides and ever increasing emphasis on the problem.

RECOMMENDATION: It is recommended that VA provide State approving agencies with more guidance on the overpayment problem and that we supply them with data to show which schools have overpayments.

Recently the VA had a series of four regional workshops of VA Central Office and Regional Office personnel together with State approving agency personnel. A very significant item discussed was school reporting of training status changes in conjunction with establishing school standards of progress and the State approval agency responsibility in connection therewith.

We have requested additional money to increase the budget for State approving agencies. This occurs because the VA contract with State approving agencies which will be used for contracts beginning in October 1976 has a provision providing for a minimum of one State visit a year to each institution furnishing approved courses. This change deletes from the previous contract the provision that regularly scheduled visits to institutions of higher learning on an annual basis are not necessarily required.

The suggestion to supply data to State approving agencies to show which schools have overpayment problems will be adopted. However, because the computer program which previously supplied this listing can no longer be used, a completely new program must be created. The listing will be prepared as soon as possible and not later than six months from now, for delivery to our Regional Offices for forwarding to the respective State approving agencies. An evaluation will be made of the use of the first listing and if it is found to be useful it will thereafter be prepared and used on a semiannual basis.

RECOMMENDATION: The VA should more frequently assess schools with liability for overpayments caused by their negligent reporting of student's changes in training status.

As pointed out in our circular concerning school liability for overpayments, discrepancies in school records which can result in overpayments will most likely be identified during compliance surveys.

In December 1975 we published a change to our compliance survey schedule which required a drastic increase in the amount of schools to be surveyed.

We are at the beginning of the period when we can now start to see the results in the increased assessments of school liability.

We feel we have partial success with our previous instructions but it is still too early to fully evaluate our results. At this point we have the proper machinery to more frequently assess school liability and our Regional Offices are again being instructed to give continuing attention to this matter.

RECOMMENDATION: It was recommended that we reevaluate reporting fees paid to schools to insure appropriate reimbursement is made for reporting required for schools.

Section 1784, Title 38, states that the Administrator may pay a reporting fee of three dollars or four dollars in certain cases, which will be in lieu of any other compensation or reimbursement for reports or certification required to be submitted by law or regulation. The VA is, in many cases, providing work-study students to assist in this activity and we do not feel that we are requesting additional data from schools over and above that contemplated when the authorizing legislation was enacted. Moreover, veterans cost of instruction personnel as well as Vet Reps on Campus are assisting schools. Finally, we do not have a data base from which we could determine whether schools do or do not deserve an increase in these payments solely because of the inflationary process. They could possibly have a case in this regard. However, if Congress should determine that it should consider this problem we would be pleased to comment on any specific legislative proposal.

In this connection, you are aware that payments for these purposes come from the General Operating Expenses account and any increase would require a supplemental appropriation.

RECOMMENDATION: It was recommended that VA increase the involvement of VA personnel on campuses, such as veterans representatives and work-study veterans, to help schools solve their reporting problems.

We already do some of this. However, there is merit to these recommendations. To obtain a proper perspective, we feel that consideration should be given to the following points:

-- Acceptance of VA's involvement by schools - the VA's increasingly frequent liaison meetings with school officials across the Nation since the beginning of the on-campus program have not only been beneficial in establishing rapport, they have resulted in VA initiated actions to provide further assistance. An example is the expanded use of on-campus veterans representatives (Vet Reps) to provide liaison services to schools. From July 1 through January of the current fiscal year, Vet Reps conducted over 1,400 liaison visits with school officials. As Vet Reps improve their value and further acceptance of this program is gained, closer cooperation with schools along the lines recommended by the GAO recommendations will become more evident.

-- Availability of full-time VA employees (Vet Reps) on campuses - In addition to the expanded liaison duties given Vet Reps as noted above, they are being utilized to conduct compliance surveys (at schools other than where the Vet Rep is assigned). In addition, they are conducting guardianship field examinations and other supplemental duties which provide maximum utilization of their positions. Although the Vet Rep will advise and otherwise cooperate with the schools in the mission of expediting the enrollment data, and hopefully more can be done in the future, it would be improper for them to assume the certification tasks that belong to school officials. We feel that GAO would agree.

-- Work-Study Personnel - The increases in work-study hours being utilized by the VA reflect the development of veteran work-study students in the area of assisting school officials with providing enrollment data to the VA. Although an example of misuse was cited at one station, the national impact of work-study personnel in these areas has been satisfactory and perhaps could be increased as experience is gained.

RECOMMENDATION: VA should implement GAO's prior recommendation to automate the processing of veteran program changes and thereby reduce delays which result in overpayments.

This involves bypassing the use of case folders and VA has heretofore resisted the idea.

GAO points out that 8 percent of the sample documents processed without the claims folder rejected at the Data Processing Center due to incorrect name or claim number and 2 percent rejected due to erroneous terminations of training. Assuming these figures to be correct on a nationwide basis, 10 percent of all status changes processed would need to be reprocessed. This significantly increases administrative processing time. In addition, a number of documents may have been erroneously processed but not rejected at the Data Processing Center. Thus the advantages of the recommendation need to be weighed against the disadvantages.

We agree to test this at the field station level. A final decision will be made after the completion of the test and after a thorough analysis of the results, and GAO will be appropriately advised.

With respect to possible projected savings or cost avoidance, as set forth in the GAO report, we cannot agree. We think these may be well overstated when all factors are considered, and suggest that final estimates await our test and analysis.

RECOMMENDATION: It was recommended that VA should reduce reliance on, and use of, special benefit payments which by-pass standard computer screening controls intended to prevent overpayments.

The unanticipated increase in the number of veterans in training during the past 18 months required that we take a positive action to process payments timely. Therefore, instructions were issued initially that special payments be made whenever an entrance or re-entrance award was authorized more than 30 days after the award's effective date. Subsequently, this instruction was amended to permit Station Directors to use discretion in determining the method of payment and process a regular award if the payment can be made expeditiously. Our records indicate that we made 816,726 special payments in FY 1975, but have reduced to 317,968 for the first six months of FY 1976. Overpayments were correspondingly reduced and we think will continue on a downward trend. We will continue to monitor this phase of our operation, but until the pressure of getting veterans paid timely is reduced, we do not feel that we can discontinue this method of payment.

RECOMMENDATION: It was recommended that VA increase the use of teletype transmissions of stop payment notices to prevent overpayments.

We are drafting instructions which will implement expedited processing of change of status notices. These instructions will include the use of teletype stop payment actions in those instances when routine processing would not prevent the issuance of the next recurring payment. Additionally our instructions will provide for accepting notices of change in training status via the telephone to further decrease overpayments.

GAO notes that during a given period four times as many teletype stop payments were processed in the C&P system as opposed to the education system. It should also be noted that there are 5 million active C&P records as compared to 1.4 million or less education records from which payments are made on the first of each month.

RECOMMENDATION: It was recommended that we revise our computerized overpayment letters to make them more effective.

The desirability of showing the detailed basis for computation of the overpayment in the initial letter, as proposed, has been considered on several occasions. While inquiries asking how the overpayment was computed may be intended on occasion to delay the repayment process rather than to gain specific knowledge of the amount and circumstances of the overpayment, some cases do present a rather lengthy or complex computation. In these cases, it is advisable to perform a specific case review and to write a personal letter rather than to rely on a computer generated letter. While we now do this on a limited basis, we will review all of our procedures to seek better ways to accomplish our objectives. However, as to the first demand letter we have a particular problem. The priorities given other computer programming assignments create problems which may hamper our efforts for the immediate future. Nevertheless, we will do what we can pending the final arrival of TARGET which arrival will solve much of our problem.

RECOMMENDATION: It was recommended that faster action be taken to collect overpayments.

Overpayment balances on hand did increase dramatically from the end of FY 1970 to December 31, 1975. During this period of time, $1.4 billion in overpayments was established, of which 78% were disposed of by collections or other proper disposition. Of the $298 million balance on hand as of December 31, 1975, $33.5 million are being liquidated by offset from other benefits, or as a result of prepayment plans which have been arranged. We have vigorous plans as to the remainder as heretofore indicated. Thus notwithstanding the balance on hand and the events that caused it, we believe that our collection efforts and results concerning educational overpayments have been very significant.

As stated in the report, we have centralized all new (as of 1/1/75) accounts receivable activity in St. Paul, Minnesota (CARS) to strengthen our collection activity. It is unfortunate that the impact of increased overpayments and the untrained people in the newly established CARS, came at the same time. However, we have continued to improve this operation and more improvements are contemplated. For example, cycle processing is scheduled for April which will permit overpayments to be reported to CARS from Hines on a cycle basis as opposed to once a month as is now the case. Extensive use is now made of microfiche and microfilm to facilitate handling of records. Employees are now becoming more proficient and a continuing review is made of collection procedures to insure they are of the best quality to meet the intended purpose. It is our opinion that the continuous improvement in the operation of CARS will soon be reflected in an increase in the collection of overpayments.

RECOMMENDATION: It was recommended that VA establish an automatic cross checking system for matching overpayment against all veteran benefits ot effectuate possible offsets.

We already have a cross-checking procedure in CARS after the second demand letter to determine if the veteran is receiving benefits from some other program from which collection can be made. This check is made prior to a debt being referred to GAO as uncollectable. For those overpayments remaining at the field stations, we have a somewhat similar system. With respect to this subject there are relatively few cases where veterans draw compensation and also have education overpayments. However, in every case where this occurs, offset is accomplished and no monies are lost.

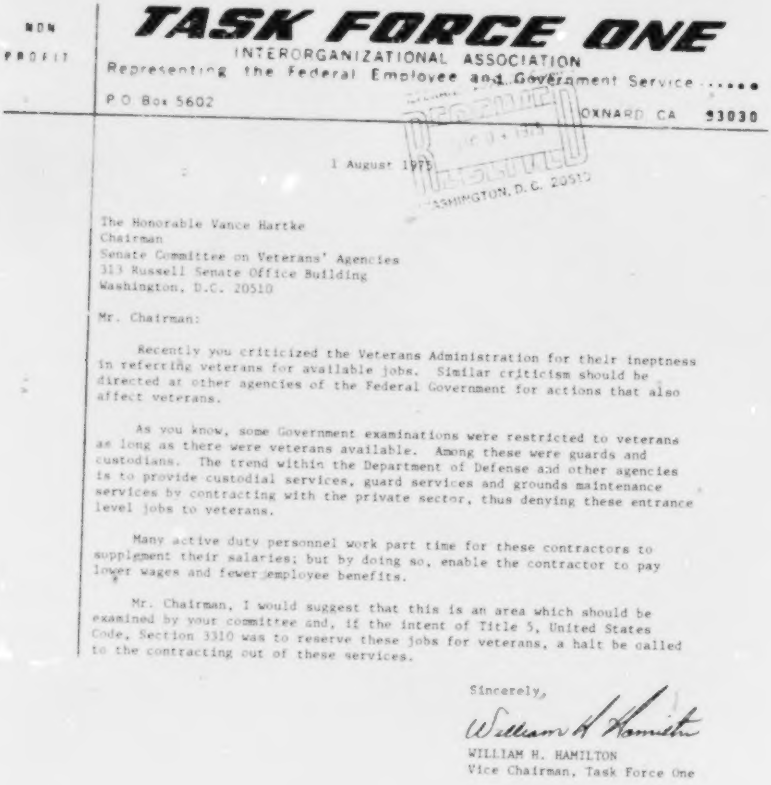
Upon full implementation of the TARGET system, there will be a combined data base so that the problem of offsets of one system against the other will not be a problem and will be automatic as suggested by GAO.

Presently the two systems are not designed to interrogate each other. We do not believe that it is advisable to make these significant program modifications at this time, pending full implementation of TARGET. The problems at Hines are more pressing and as important as collection of overpayments are. We cannot further jeopardize our basic payment procedures at Hines by implementation of new programs or procedures. A feasibility study would serve little purpose as we already know that our Hines capability has reached its extreme outer limits.

PRINCIPAL VA OFFICIALS
RESPONSIBLE FOR ADMINISTERING
ACTIVITIES DISCUSSED IN THIS REPORT

	Tenure of office	
	From	To
ADMINISTRATOR OF VETERANS AFFAIRS:		
R. L. Roudebush	Oct. 1974	Present
R. L. Roudebush (acting)	Sept. 1974	Oct. 1974
D. E. Johnson	June 1969	Sept. 1974
W. T. Driver	Jan. 1965	May 1969
DEPUTY ADMINISTRATOR OF VETERANS AFFAIRS:		
O. W. Vaughn	Nov. 1974	Present
Vacant	Oct. 1974	Nov. 1974
R. L. Roudebush	Jan. 1974	Oct. 1974
F. B. Rhodes	May 1969	Jan. 1974
A. W. Stratton	Nov. 1967	May 1969
Vacant	Sept. 1967	Nov. 1967
C. F. Brickfield	Feb. 1965	Sept. 1967
CHIEF BENEFITS DIRECTOR:		
R. H. Wilson	Jan. 1975	Present
J. J. Mulone (acting)	Nov. 1974	Jan. 1975
O. W. Vaughn	Mar. 1973	Nov. 1974
O. B. Owen	Feb. 1970	Mar. 1973
R. H. Wilson	July 1969	Feb. 1970
A. W. Farmer	Nov. 1967	July 1969
A. W. Stratton	Feb. 1965	Nov. 1967
CHIEF DATA MANAGEMENT DIRECTOR:		
W. R. Martin	Oct. 1975	Present
W. R. Martin (acting)	Aug. 1975	Oct. 1975
R. T. Brown	Aug. 1974	July 1975
P. J. Budd	July 1963	July 1974

[Subsequently, the following correspondence were received and ordered placed in the record as follows:]



NON PROFIT

TASK FORCE ONE
INTERORGANIZATIONAL ASSOCIATION
Representing the Federal Employee and Government Service
P.O. Box 5602
OXNARD CA 93030

1 August 1975

The Honorable Vance Hartke
Chairman
Senate Committee on Veterans' Agencies
313 Russell Senate Office Building
Washington, D.C. 20510

Mr. Chairman:

Recently you criticized the Veterans Administration for their ineptness in referring veterans for available jobs. Similar criticism should be directed at other agencies of the Federal Government for actions that also affect veterans.

As you know, some Government examinations were restricted to veterans as long as there were veterans available. Among these were guards and custodians. The trend within the Department of Defense and other agencies is to provide custodial services, guard services and grounds maintenance services by contracting with the private sector, thus denying these entrance level jobs to veterans.

Many active duty personnel work part time for these contractors to supplement their salaries; but by doing so, enable the contractor to pay lower wages and fewer employee benefits.

Mr. Chairman, I would suggest that this is an area which should be examined by your committee and, if the intent of Title 5, United States Code, Section 3310 was to reserve these jobs for veterans, a halt be called to the contracting out of these services.

Sincerely,

William H. Hamilton
WILLIAM H. HAMILTON
Vice Chairman, Task Force One

NATIONAL STUDENT LOBBY

Suite 410 • 2000 P Street NW • Washington DC 20036 • (202) 833-3116

October 1, 1975

Honorable Vance Hartke
Chairman, Committee on Veterans Affairs
Russell Office Building, #414
United States Senate
Washington, D.C. 20515

Dear Chairman Hartke,

The National Student Lobby (NSL) is appealing to the United States Congress to reject any and all proposals to eliminate veterans' educational benefits for servicemen and women entering active duty after January 1, 1976.

The termination of G.I. bill benefits is provided for in Senate bill 1805. S. 1805 must be defeated.

The veterans benefits program for decades has represented the only way to pay for an education for millions of veterans. It is the biggest student aid program in the history of education. Yet, S. 1805 would do away with it at a time when the cost of an education is soaring. Even worse is the fact that S. 1805 provides for nothing in return. Open confrontation has ceased in Southeast Asia; but does that mean that there are suddenly hundreds of thousands of individuals every year who no longer need an education?

A profile of veterans receiving benefits reveals that an outsized proportion of them are from traditionally economically disadvantaged backgrounds. A large number are minorities who could not otherwise afford to pay for their post-secondary education. If the G.I. bill is terminated, what are they supposed to do? Do we have to have a war in order for our dispossessed to get an education?

The G.I. bill aided more than one million students with more than two billion dollars in benefits during the past academic year. What is to be done with this money if the G.I. bill is terminated? S. 1805 provides for nothing.

The debate over cancellation of the G.I. bill should include firm assurances that any decrease in veterans' benefits will be accompanied by a parallel increase in outlays for other student aid programs. S. 1805 does not provide such assurances.

We are writing to you to express our full support for your efforts to continue the veterans' educational benefits program and to defeat S. 1805.

Sincerely,

Jay Henderson

Jay Henderson
Legislative Director

cc: Members of Congress

now we're speaking for ourselves!

EDWARD P. BEARD
2D DISTRICT, RHODE ISLAND

WASHINGTON OFFICE:
131 CANNON HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
(202) 225-2735

COMMITTEES:
EDUCATION AND LABOR
VETERANS' AFFAIRS
SELECT COMMITTEE ON AGING

Congreſs of the United States
House of Representatives
Washington, D.C. 20515

DISTRICT OFFICES:
307 POST OFFICE ANNEX
PROVIDENCE, RHODE ISLAND 02903
(401) 528-4861
325 WEST SHORE ROAD
WARWICK, RHODE ISLAND 02889
(401) 528-4800

VET[illegible]FAIRS COMM.
RECEIVED
OCT 13 1975
WASHINGTON, D.C. 20510

Providence
October 8, 1975

Senator Vance Hartke
Senate Veterans' Affairs Committee
414 Russell Senate Office Building
Washington, D.C. 20510

Dear Colleague:

Your Senate committee will soon be asked to vote on a bill to end the bill for veterans who enlisted and were placed on active duty after January 1, 1976. As a member of the House Veterans Affairs Committee, I voted in favor of the termination. However, there was one unintentional oversight which we must now address ourselves to, namely, commissioned officers of R.O.T.C. who have not yet been ordered to active duty. These gentlemen began their military career prior to possible enactment of this legislation and there is a chance that they would not qualify for educational assistance if we allow H.R. 9576 to become law. What is needed is a clause to protect our commissioned officers not yet on active duty, giving them full G.I. coverage equal to today's veterans.

I urge your committee to make every consideration on behalf of these servicemen.

Personally,

Edward P. Beard

Edward P. Beard
Member of Congress

EPB/pc

DON H. CLAUSEN
REPRESENTATIVE IN CONGRESS
2D DISTRICT, CALIFORNIA
"THE REDWOOD EMPIRE DISTRICT"

WASHINGTON OFFICE:
2433 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
PHONE: 225-3311
AREA CODE 202

DISTRICT OFFICE:
ROOM 329
777 SONOMA AVENUE
SANTA ROSA, CALIFORNIA 95404
PHONE: 525-4316

Congress of the United States
House of Representatives
Washington, D.C. 20515

COMMITTEE:
PUBLIC WORKS

SUBCOMMITTEES:
WATER RESOURCES
TRANSPORTATION
ECONOMIC DEVELOPMENT
INVESTIGATION AND REVIEW

COMMITTEE:
INTERIOR AND INSULAR AFFAIRS

SUBCOMMITTEES:
WATER AND POWER RESOURCES
NATIONAL PARKS AND RECREATION
PUBLIC LANDS
TERRITORIAL AND INSULAR AFFAIRS

October 9th, 1975

VETERANS' AFFAIRS COMM.
RECEIVED
OCT 13 1975
WASHINGTON, D.C. 20510

Honorable Vance Hartke, Chairman
Committee on Veterans' Affairs
United States Senate
Washington, D.C.

Dear Mr. Chairman:

The House of Representatives on October 6th passed and sent to the Senate H. R. 9576. This measure, among other things, authorized the termination of entitlement to veterans preference in Federal employment for those persons entering service after May 7, 1975.

During the debate in the House of Representatives, I questioned the propriety of terminating this benefit retroactively. The Chairman of the Committee on Veterans' Affairs, Mr Ray Roberts, in response to my direct question, stated that his Committee would have no objection to removal of this retroactive provision by the Senate.

I hope you will agree that this action represents a breech of faith with men who are already serving in the military. I strongly urge, therefore, that your Committee take appropriate action to remove this retroactive provision when the bill is reported.

Sincerely,

DON H. CLAUSEN
Representative in Congress

FIRST FEDERAL

PAUL A. JOHNSON
PRESIDENT

October 20, 1975

VETERANS' AFFAIRS COMM.
RECEIVED
[illegible]
WASHINGTON, D.C. [illegible]

SENATOR VANCE HARTKE CHAIRMAN
SENATE VETERAN AFFAIRS COMMITTEE
UNITED STATES SENATE
WASHINGTON DC 20520

Dear Senator Hartke:

Enclosed is a copy of an ad I took from Business Week magazine, which shows we've loaned or given away over $172 billion. I'm also enclosing a small clipping that appeared the Great Falls Tribune on October 7, which stated the House voted 298 to 106 to end, for future members of the armed forces, the GI Education Program.

I don't have any idea how much money is involved in the GI education program. I do know it enables those members of the military, who haven't graduated from high school, to study and obtain a high school diploma. As I understand the Bill passed by the House, that if it becomes law, it will terminate this program. I feel the program is very beneficial and worthwhile for those persons in the service who haven't graduated from high school.

Again, I have to confess, I don't know the cost of this program. But, when you compare it with the amount of money we've sent overseas, I know it is an infinitesimally small amount. Also, the program which I've just mentioned, is basic for young people to obtain a position after they've completed their term of service or before going on to technical school or college. Therefore, it seems to me it shouldn't be terminated and if it will be terminated, by the Bill passed in the House, then some other methods should be sought to continue to fund this program.

We hope you will use your influence to see that the program isn't terminated.

Very sincerely yours,

Paul A. Johnson
President

PAJ/ew

Enclosures

601 FIRST AVENUE NORTH P.O. BOX 2547 GREAT FALLS MONTANA 59403 (406) 761-2200

No wonder we're broke!

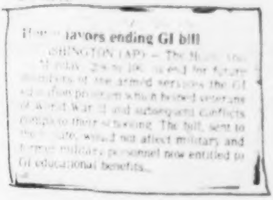
When we're giving away money we don't have, and getting hatred and antagonism in return... when we're borrowing money at high interest in order to give more money away...when we have to raise our debt limit to 530 billion dollars in order to continue pouring our billions all over the world—then isn't it time you and I told Congress what they have *got to do*—STOP SPENDING, AND *SAVE*.

Here's the sorry, tragic record—our "loans" and give-aways (which we couldn't afford) 1946 to 1974.

Afghanistan	$463,900,000
Bangladesh	525,600,000
Cyprus	29,500,000
Egypt	891,600,000
Greece	4,253,300,000
India	9,026,400,000
Iran	2,129,100,000
Iraq	93,300,000
Israel	5,204,000,000
Jordan	1,084,200,000
Lebanon	151,000,000
Nepal	198,600,000
Pakistan	4,962,400,000
Saudi Arabia	326,500,000
Sri Lanka	214,300,000
Syria	61,200,000
Turkey	6,608,600,000
Yemen, People's Democratic Republic of	4,500,000
Yemen Arab Republic	50,000,000
Central Treaty Organization	52,700,000
*Near East and South Asia Regional	459,000,000
Argentina	394,800,000
Bahamas	300,000
Barbados	1,200,000
Belize	6,900,000
Bolivia	663,900,000
Brazil	2,913,800,000
Chile	1,125,800,000
Colombia	1,424,700,000
Costa Rica	199,800,000
Cuba	16,400,000
Dominican Republic	520,800,000
Ecuador	345,600,000
El Salvador	162,500,000
Guatemala	329,400,000
Guyana	80,400,000
Haiti	121,300,000
Honduras	[illegible]
Jamaica	[illegible]
Mexico	297,900,000
Nicaragua	223,700,000
Panama	317,000,000
Paraguay	167,500,000
Peru	598,500,000
Surinam	5,800,000
Trinidad and Tobago	40,500,000
Uruguay	210,300,000
Venezuela	340,300,000
Other West Indies	13,000,000
ROCAP	247,800,000
East Caribbean Regional	33,000,000
Latin America Regional	3,192,400,000
Burma	185,000,000
Cambodia	1,799,400,000
China, Republic of	5,708,500,000
Hong Kong	43,800,000
Indochina, Undistributed	1,542,300,000
Indonesia	1,991,500,000
Japan	3,834,100,000
Korea	11,360,500,000
Laos	2,521,700,000
Malaysia	131,000,000
Philippines	2,355,600,000
Ryukyu Islands	413,700,000
Singapore	23,500,000
Thailand	1,898,600,000
Vietnam	22,356,300,000
Western Samoa	4,000,000
East Asia Regional	422,700,000
Algeria	180,400,000
Botswana	33,900,000
Burundi	10,300,000
Cameroon	34,400,000
Central African Republic	6,800,000
Chad	17,300,000
Congo, People's Republic of the	5,600,000
Dahomey	15,600,000
Ethiopia	530,400,000
Gabon	7,800,000
The Gambia	7,100,000
Ghana	283,300,000
Guinea	105,900,000
Ivory Coast	30,900,000
Kenya	112,000,000
Lesotho	19,000,000
Liberia	229,700,000
*Libya	228,600,000
Malagasy Republic	15,900,000
Malawi	30,700,000
Mali, Republic of	52,400,000
Mauritania	18,400,000
Mauritius	12,900,000
Morocco	935,800,000
Niger	47,200,000
Nigeria	[illegible]
Rwanda	8,800,000
Senegal	52,000,000
Seychelles	500,000
Sierra Leone	44,800,000
Somali Republic	77,100,000
*South Africa, Republic of	1,300,000
*Southern Rhodesia	7,000,000
Sudan	120,600,000
Swaziland	7,700,000
Tanzania	94,800,000
Togo	22,900,000
Tunisia	790,500,000
Uganda	42,900,000
Upper Volta	34,100,000
Zaire	501,900,000
*Zambia	33,800,000
Central and West Africa Regional	115,700,000
East Africa Regional	34,300,000
Southern Africa Regional	56,400,000
Africa Regional	246,000,000
Albania	20,400,000
Austria	1,251,200,000
*Belgium-Luxembourg	1,853,100,000
Czechoslovakia	193,000,000
Denmark	907,800,000
Finland	56,900,000
*France	8,273,500,000
German Democratic Republic	800,000
*Germany (Federal Republic)	4,979,300,000
Berlin	131,900,000
*Hungary	32,700,000
Iceland	82,000,000
Ireland	146,500,000
*Italy	5,668,800,000
Malta	43,200,000
*Netherlands	2,282,800,000
*Norway	1,216,200,000
*Poland	539,300,000
Portugal	505,700,000
Romania	9,700,000
Spain	1,882,800,000
*Sweden	109,000,000
United Kingdom	8,730,800,000
U.S.S.R.	186,400,000
Yugoslavia	2,747,400,000
Europe Regional	835,800,000
*Australia	123,600,000
*New Zealand	8,600,000
Papua New Guinea	300,000
*Trust Territory of the Pacific Islands	528,600,000
Other Oceania	9,810,000
*Canada	30,600,000
Interregional	15,334,500,000
Grand Total	$172,109,000,000

Source: Agency for International Development, U.S. State Department

*Loans only ($3.6 billion) repaid in full with interest



House favors ending GI bill

WASHINGTON (AP) — The House [illegible] to end for future members of the armed services the GI education program which helped veterans of World War II and subsequent conflicts [illegible] their schooling. The bill, sent to the Senate, would not affect military and former military personnel now entitled to GI educational benefits...

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GEORGE MAHON
19th Dist., Texas

CHAIRMAN
Committee on Appropriations

Congress of the United States
House of Representatives
Washington, D.C. 20515

October 23, 1975

The Honorable Vance Hartke, Chairman
Veterans' Affairs Committee
United States Senate
414 Russell Senate Office Building
Washington, D. C. 20510

Dear Mr. Chairman:

I understand that your committee is presently considering the Veterans' Readjustment Assistance Amendments of 1975. I have received a letter from a constituent of mine, Staff Sergeant Rebecca S. Hitt, regarding the effect that the provision cutting off educational benefits under the G.I. Bill as of December 31, 1987, will have on her and other career-oriented members of the Armed Services.

I told Sgt. Hitt that I was forwarding her letter to you for attention as you consider this legislation.

Best regards.

Sincerely,

George

George Mahon

M:gh

VETERANS' AFFAIRS COMM.
RECEIVED
OCT 28 1975
WASHINGTON, D. C. 20510

16 Oct 1975

Congressman George Mahon
Congress of the United States
House of Representatives
Washington, D. C. 20515

Dear Congressman Mahon,

I understand from the Navy Times that the House is due to vote on the bill concerning the G. I. Bill. One of the conditions of the bill is the 12 year use deadline for those of us already in service. Many of us have always planned to put 20 years in service then return to school on retirement using the G.I.Bill. At the time we enlisted Nam was in full swing and we were willing to back the government with, in many cases, our lives. In return, certain benefits were expected i.e. the G.I.Bill.

Now with the proposed 12 year limit, many of those coming in the service late in the sixties will not be retired from the service by 31 December 1987 and will not be able to make use of one of the benefits for which we enlisted.

In my own case, for the last seven years, I have been in the Marine Corps and plan to finish my 20. One of the reasons I entered the service was the disgusting attitude of many of the young men in my college about draft-dodging. They thought it was cute to take "basket-weaving" courses in order to beat the draft. I hoped in some small way I could make up for them by enlisting myself. Now, I am doing a job I like and will retire from that job in August 1988 . . . eight months after the G.I.Bill is pulled. When do I get a chance to finish my schooling? Do I 'half-do' my Marine Corps job and try to go to school during the day? When will I get a chance to go to school on the education bill that I have in fact earned? What about the guys that came in about the same time I did, went to Nam, were lucky enough to come back in one piece and plan on going to school in 1988. . . No G.I. Bill.

I personally retire when I'm 40 and that isn't old enough to lay down and die. I was going to use the bill to finish schooling to be a Veterinarian, something I've wanted to do since I was 14. Please don't let them pull the rug from under me . . . that's not fair.

Sincerely,

Rebecca S. Hitt

REBECCA S. HITT
SSGT USMC

Darmstadt American School
APO New York 09175
October 31, 1975

RECEIVED
1975

The Honorable Vance Hartke, Chairman
Veterans' Affairs Committee
Washington, D. C. 20510

Dear Senator Hartke:

I have recently read of the bill regarding the G.I. Bill Education Program being consisered by your committee. As an educator, I am appalled. As a concerned citizen, I am truly anxious about the overall effect of the passage of this bill.

My concern is two-fold. First, the G.I. Bill education benefits for which service people are eligible upon termination of service have recently been one of the strongest inducements to volunteers. It has helped the military to maintain a force of men and women who are interested in progress, in bettering themselves and, as a result, in bettering our nation. Although the G.I. Bill was designed for the men whose education had been interrupted because of the draft, we owe an obligation to those who serve in the volunteer, peacetime armed services. If a military force is necessary, isn't it important that it consist of people with constructive, society-benefitting goals? Let's face it, very few, if any, volunteers into the service have completed all their college or vocational school training. (Many think they have, but find a need for re-education or advanced training). Without education as an incentive to join, we'll soon have the four branches of the service filled with people who are not only unskilled or uneducated, but, far worse, uninterested, people.

The other aspect of this bill which bothers me is the proposed repeal of the Predischarge Education Program. As a teacher with PREP, I have encountered men and women who are considering making the Army their life's work, who are sincerely interested not only in getting a diploma, so that they can be eligible for promotions and other types of schooling (GED Certificates are no longer acceptable), but also in learning. These are high school "dropouts", who see PREP as their best, and probably last, opportunity, and who have grasped it wholeheartedly. They spend a portion of their day working at their jobs and a portion of it in school. A few are assigned extra duty when they should be studying. Yet they continue because they realize the enormity of their need for education.

Despite the fact that new enlistees into the Army are supposed to have a minimum twelve years of education, enrollment in PREP is increasing. In Europe, we have men who joined the Army before this policy took effect. We have men waiting to enter school. We also have older, career soldiers, who possess certificates of General Educational Development, which are not sufficient for promotion. They must return to school or leave the Army, leaving behind a good record and a solid career.

If PREP were to be discontinued, it would be a great step backwards for our servicemen and women. A handful might attend our already overcrowded adult education classes at night, but they would be in the minority. Many have attempted that at least once, and found the situation all but impossible. Those soldiers stationed overseas will have no options. There are no alternatives to PREP for them. This is their one big chance, perhaps our last chance. Theirs--to embark on a successful educational and professional career, ours--to realize a volunteer Army of satisfied men and women.

There have been suggestions that PREP funding be taken over by HEW or by the Department of Defense through the various branches of the service, rather than the Veterans' Administration. This might be the only viable alternative if the present bill is passed. However, the amount of confusion created by such a change and the amount of dollars lost in the process would surely not be worth it in the long run. Would HEW support PREP overseas, where it is more sorely needed than in the U.S.? The Department of Defense is cutting educational expenditures. Will it be able to support PREP and continue the quality of education that has been provided? The Army provides us with buildings and chairs, which are in deplorable condition. If texts and audio visual materials were to be supplied by DOD, what would they be like? How current and appropriate could we expect them to be?

I believe, as do many others, Senator Hartke, that although Federal spending must be curtailed, education is one area which we cannot afford to slight. I believe that a curtailment of the G.I. Bill will eventually prove to be a detriment to our armed services, that the repeal of PREP would be a great loss the the armed services and to a generation of young people who care enough about their country to serve it and to better themselves, and that a change in the funding authority would cost more dollars than we can afford to lose. Can we risk the loss of any amount of money for the mere purpose of reducing one department's budget? I think not.

I urge you to retain the G.I. Bill and PREP. A reduction in their costs would be better than total elimination. A recommendation from your committee that this bill be rejected would be of benefit to us all.

Sincerely,

Barbara H. Yonemura

Barbara H. Yonemura, PREP teacher
Ernst Ludwig Kaserne, Germany

Palomar College
SAN MARCOS, CALIFORNIA 92069 Phone 714 744-1150
FREDERICK R. HUBER, President-Superintendent

November 12, 1975

RECEIVED
NOV 20 1975
WASHINGTON, D. C. 20510

Senator Vance Hartke
Senate Office Building, Room 313
Washington, D. C. 20510

Dear Senator Hartke:

Presently the subcommittee on the Readjustment of Educational and Employment Benefits of the Senate Veterans Affairs Committee is reviewing the merits of HR 9576. This bill relates to veterans educational benefits.

I ask you to stop passage of that bill in its present form.

Included on the legislation is a portion that will cancel the Predischarge Education Program (PREP). Regardless of the merits of the rest of the legislation, I find the proposal to cancel PREP totally abhorent.

As an instructor in PREP for Palomar College, San Marcos, California, near Camp Pendleton, I have had an intimate working knowledge with the many concrete benefits of the PREP format.

To include this program for active duty personnel in a bill that seeks to readjust veterans benefits seems to present a major conflict of categories.

PREP provides a unique opportunity to in-duty service people to achieve a high school diploma, the ground level necessity for success in our society. For many it offers the only opportunity to begin steps for intellectual growth while completing a basic necessity, the high school diploma. It is axiomatic that the enrichment of the individual serviceman also benefits the service organization that he is pledged to. How tragic it would be to deny these individuals this small tool.

Without PREP and the high school diploma it provides, many fine men would become ineligible to re-enlist. Under new requirements, reenlistment, even to the otherwise superior person, would be denied without the diploma. Without PREP a serviceman would have to participate in the lengthy, time consuming local Adult School program that leads to a diploma in two years. PREP provides the same result in thirteen weeks.

GOVERNING BOARD: Mrs. Lucy Beyne, Mr. William L. Froelich, Mr. Richard J. Kornhauser, Mr. Milo E. Shadle, Dr. Anton K. Simson

November 12, 1975
Page 2

Without PREP how many numbers would be denied the chance to develop their untapped talents? This program offers unique opportunities for the mature, experienced service person to grow in an academic way. Its development will benefit the military.

I urge you to stop this legislation in committee rather than risk its presentation on the Senate floor. The interest in the readjustment of verterans benefits would overshadow the significance of PREP.

Thank you for your support of PREP.

Mary-Margaret O'Connell

Mary-Margaret O'Connell, Instructor
Palomar College PREP

MMOC/myg

cc Senator Hartke
Senator Stafford
Senator Talmadge
Senator Randolph
Senator Cranston
Senator Stone
Senator Hansen
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Maricopa Skill Center

[redacted]

MARICOPA COUNTY
COMMUNITY COLLEGE DISTRICT
903 N. 2nd Street / Phoenix, Arizona 85004
(602) 257-1413

December 1, 1975

DEC 04 1975
SHINGTON, D.C. 20

The Honorable Vance Hartke
Chairman
Committee on Veterans' Affairs
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

I am writing this letter to express my views on the proposed termination of G.I. Educational Benefits, currently under consideration in the Committee on Veterans Affairs.

As an administrator of five community colleges, I have seen many veterans make the transition from military to civilian life by enrolling in college to complete training started in the service or to find a new career direction. In addition, I believe that many top-notch people choose to serve their country in the military because they gain experience and maturity as well as earn educational benefits that will aid them in the future.

We live in an age of great concern for minorities. Our statistics prove that most people in ethnic groups are able to further their education because of military benefits. Without this assistance, they would never be able to continue their education.

In this time of economic stress in our country, the unemployed have found new skills and job opportunities through college programs. A high percentage of these unemployed people are veterans who never expected to use their G.I. Bill but, because the benefits were available, they were not on the unemployment rolls. The cost of unemployment benefits is much greater than educational aid to veterans; our federal dollars are best spent developing productive citizens--not handing out unemployment checks.

The attached article demonstrates just one story of how veterans benefits changed the lives of two people in the Phoenix area. They would have become recipients of unemployment checks when economic pressures caused unemployment. With the aid of educational benefits, both husband and wife will have greater earning power and have discovered their own abilities to achieve their goals.

If the G.I. Bill is terminated, the incentive to serve in the military will be effected tremendously by the lack of educational benefits. The minority people in this country will lose a great opportunity to education and hope for the future. There are many fine educational programs available in the new military life, but there is a need to adapt that training to the job market at home through specific educational programs after discharge.

I firmly believe that termination of G.I. Benefits would have a serious impact on our society and ask you and your committee to give this proposal thorough consideration.

Sincerely,

John F. Prince

cmt

cc: Senator Goldwater
    Senator Fannin
    Representative Rhodes
    Representative Conlan
    Representative Udall
    Representative Steiger

att.

UNIVERSITY OF SOUTH FLORIDA
TAMPA • ST PETERSBURG

STUDENT AFFAIRS
OFFICE OF VETERANS AFFAIRS
TAMPA, FLORIDA 33620

813 974-2291

April 26, 1976

The Honorable Vance Hartke
U.S. Senate
Chairman, Senate Committee on Veterans' Affairs
Suite 414, Russell Senate Office Building
Washington, D.C. 20510

Dear Sir:

As a part of this University's veteran student research efforts, we have developed the following descriptive statistics about veterans who are effected by the May 31, 1976 delimitation date. We sampled the characteristics of 248 (85%) of the 291 veterans at this University whose G.I. Bill benefits will expire. This information is useful to us in refocusing some of our efforts to helping these veterans after they will no longer depend upon the G.I. Bill for educational assistance. We provide this information for your use in the legislative process:

Age:

More than 49 years of age	15 (6%)
40-49 years of age	43 (17%)
30-39 years of age	175 (71%)
less than 30 years of age	15 (6%)

The average age of the sample is 38 years of age compared to the 37.2 years of age average for the 3,088,000 veterans who served in the post-Korean - pre-Vietnam era (as reported by the VA in The Stars and Stripes, April 8, 1976).

Academic Level:

Graduate (Doctoral level)	3 (1%)
Graduate (Master's level)	32 (13%)
Undergraduate (other than first degree)	9 (4%)
Undergraduate (upper-level, first degree)	164 (66%)
Undergraduate (lower-level, first degree)	35 (14%)
Non-degree (special programs)	5 (2%)

Academic Curricula:

Business	87 (35%)
Education	49 (20%)
Social/Behavioral Sciences	46 (19%)
Engineering	17 (7%)
Arts and Letters/Fine Arts	12 (4%)
Natural Sciences	4 (2%)
Medical Sciences	3 (1%)
Undecided/Non-degree	30 (12%)

Transfer Academic Credit:

More than 90 quarter hours	47 (19%)
90 quarter hours (equivalent to 2-year degree)	79 (32%)
1-89 quarter hours	57 (23%)
0 quarter hours (no transfer credit)	65 (26%)

Cumulative Grade Point Average:

The weighted average of the 248 veterans grade point averages is 2.75 of 4.0. 15% are in the Honors category while only 2% are academically dismissed, and 9% are on academic probation.

College Program:

14% of these veterans commenced their college program after June, 1974 while the average starting year was 1966. 58% of these veterans commenced their studies at this University after June, 1974 while the average starting year at this University was 1971.

Only the age of these veterans appears to be a significantly different characteristic compared to the average aged veteran at this University (28 years). These veterans appear to pursue their studies as successfully as other veterans - and only their lives' circumstances have precluded their completing their educational programs by the delimiting date.

Upon delimitation, these veterans must decide either to compete for other types of financial assistance or to discontinue their studies. But I share with you interesting statistics compiled by the U.S. Bureau of the Census.

Males, ages 25-34, with a 4 year college degree earn a median income of $12,100/annum compared to $10,701/annum for those with only a high school education.

Males, ages 35-44, with a 4 year college degree earn a median income of $18,582/annum compared to $12,410/annum for those with only a high school education.

The comparative differences among similarly aged and educated females is even more striking but are not included because I believe that female veterans, by their education and experience, would command better salaries than their non-veteran counterparts, and since the overwhelming majority of veterans are males, the statistics for the male population are more representative of the veterans population.

If this data is helpful to you in your deliberative process, please let me know.

Sincerely,

Bob Jost
Director

BJ/jp

GROSSMONT COLLEGE
8800 GROSSMONT COLLEGE DRIVE, EL CAJON, CALIFORNIA 92020 TELEPHONE (714) 465-1700
VETERANS AFFAIRS OFFICE

May 20, 1976

Senator Vance Hartke
Senate Office Building, Room 313
Washington, D. C. 20510

Dear Senator Hartke,

As you have demonstrated over the last few years a sincere desire to help veterans, I think you should be aware of what the Veterans Administration's rigid regulations are doing to veterans attending college.

As explained in the enclosed position paper, the Veterans Administration's attempts to minimize overpayments have undermined the effectiveness of the educational benefits program. The Veterans Administration's zealousness has resulted in forcing many veterans out of school who are sincerely seeking an education, or to give up plans for an Associate Degree to pursue a Bachelor's Degree which personal considerations may preclude the veteran from ever achieving.

A side effect of this Veterans Administration regimentation has been the word spread among street veterans that college is just one long hassle with the Veterans Administration. As a result, the disadvantaged veterans most in need of training are being discouraged from attending school by the bureaucratic type red tape which must be circumvented to draw educational benefits.

The requirements the Veterans Administration has placed on student-veterans have in effect burdened them with an additional class each semester, namely "Learning and Accommodation of VA Procedures." Few courses the veteran will ever take will be more difficult to comprehend.

I urge you to give this matter your attention. The regulations governing veterans drawing educational benefits have become a stumbling block to veterans' education, rather than the guiding hand they were designed to be.

Thank you for your consideration.

Regards,

Jan Raymond

Jan Raymond
Veterans Affairs Coordinator

JR/cb
Enclosure

SOME EXAMPLES OF VA REGULATIONS THAT RESTRICT VETERANS ATTENDING A COMMUNITY COLLEGE

In the past year, apparently in response to Congressional pressure, the Veterans Administration has adopted a very rigid stance with regard to the payment of educational benefits. This stance has hindered the educational progress of many veterans.

Some examples. We are in a community college, so we obviously offer only two-year degree programs. However, many of our veterans plan on eventually pursuing a four-year degree. The VA requires that the veteran pursue one goal at a time. Therefore, the vet must pursue either a two-year degree program or a transfer program for a four-year degree.

The VA also requires that veterans only be paid for courses directly leading to the specified objective. The VA will not pay for courses which are not required for graduation within the veteran's particular degree, no matter how applicable the course may be to the veteran's present or future course of study.

Ideally, the "specific objective" clause which sets the standard for payment should not cause a veteran who is sincerely pursuing an academic program any problems. Unfortunately, the realities of college administration frequently place the veteran in a situation where he cannot meet the VA criteria.

Take, as an example, an individual I interviewed today. The individual is seeking an AS degree in Supervision and a BA degree in Business. The VA will only pay for courses required for the AS degree. Economic necessity (15% local veterans unemployment rate), and the desire to complete his program, dictate that the veteran attend summer school. However, the school is not offering any of the courses this veteran needs for his AS degree this summer. The school does offer courses which are applicable to the veteran's BA objective, but the VA will not pay for these courses unless the veteran files a change of program declaring his objective to be a transfer program for an eventual BA. If he does file a change of program, he will not be able to take the courses needed for the AS when they are offered next fall, because his single objective has been changed to a BA degree. Since his AS is in supervision, a field directly related to but not congruent with his eventual bachelor's goal in business administration, the veteran must either leave school until next fall, or give up his AS degree plans. The unflexibility of the system could force this veteran out of school into an economic environment which may preclude his ever coming back. In this veteran's case, he is nearing his delimiting date, so the AS is important as he has no guarantee he will complete his bachelor's program.

Summer session is not the only time such problems arise. There are many courses which are offered only one semester of the academic year, or are unavailable to the veteran because his priority for registration is low so the classes are filled when he registers. Thus, we have the veteran sincerely seeking an education, being pushed out of school because the classes the VA requires are not immediately available and related courses, which are highly applicable to the veteran's major, are not authorized for payment by the VA.

(continued)

Flexibility in this system was theoretically to be provided by the electives within the veteran's major. However, the elective options are often already filled. For example, a veteran is often awarded unit credit based on military experience. It sounds good, but veterans almost universally regret those units, which seldom meet specific degree requirements so they are counted as electives. Therefore, the veteran starts college with his elective schedule already filled by VA standards, and the only classes the vet can take are those specifically required for his degree.

Many other vets have units from college work taken years ago, prior to the vet entering the service. Other vets have units from CLEP or other "challenge tests" which the institution only accepts as elective credit. The units are unrelated to the veteran's goal, but they count as electives. Again, the flexibility of the system is negated because the veteran has no electives left.

The two-year Nursing program here is another example of VA regulations and institutional realities putting a veteran in a bind due to lack of electives. The Nursing program limits enrollment. Once an applicant is admitted to the program, the Nursing curriculum is dictated to the student. The first semester Nursing curriculum only allows 5 units of Nursing courses. Due to numerous applicants for the program, most of those admitted already have completed the majority of the requirements for a two-year degree.

Since most veterans admitted to the Nursing program have completed all of their general education requirements prior to their final acceptance in the Nursing program, the only courses required for their objective are the five units which are prerequisites for other Nursing courses. As a 6-unit load is the minimum required for VA payment, many veterans can't qualify for benefits. Veterans in a two-year program often plan to eventually pursue a four-year Nursing program, requirements for which the veteran could use to fill out his program beyond five units. However, since the two-year program requirements are not congruent with four-year program requirements, the VA's specific objective criteria will not allow the veteran to pursue the two and four-year Nursing programs simultaneously. Consequently the veteran must be financially self-sufficient or give up plans for a Nursing career.

Another provision which was to afford flexibility to the VA payment system was the Form 4138. This form allows a veteran, in a narrative form, to request the VA pay for courses other than those required for the major. A survey of all the units chiefs of the local (San Diego) VA regional office indicates that 4138's are being turned down automatically on the basis that the school won't certify the courses as part of the major. Since the schools strictly adhere to the VA's inflexible regulations (out of fear of liability), the school can not certify the veteran for any course not absolutely required for the veteran's major.

What VA Form 4138 represents is a perfect example of Catch 22. The veteran, caught in a bind due to conflicts between VA requirements and institutional realities, is told he can petition for a waiver, but the waiver automatically is turned down because the request doesn't fit the regulations.

(continued)

In many other cases, VA regulations put veterans at a disadvantage because non-veteran students can manipulate school regulations to their advantage while veterans cannot due to VA regulations. For example, I had to call in a veteran the other day who was majoring in engineering. In the Fall, 1975 semester, this veteran took a No Credit in a math course required for his major. Since our institution will not accept Credit/No Credit units within the student's major for graduation, by VA standards the veteran took the course illegally and is, therefore, liable for an overpayment. However, a closer look at the situation indicates the veteran is a serious student and was not taking the course just to draw benefits.

In engineering math courses, a "C" is required to qualify for the next higher level required course. When engineering students have a bad semester and are aware that they will get a "D" or "F" in this type course, they will opt for the Credit/No Credit at the last minute. Since the student has to take the class again to get a "C", if he opts for a No Credit this avoids the damage that a "D" or "F" would inflict on the student's grade point average.

This particular veteran had done just that. Seeing he was headed for a low grade which would cripple his grade point average, he opted for an NCR. However, with the VA now charging for overpayments in these situations, the veteran must choose between a low grade point average or the economic hardship of paying back the money after attending the class all semester.

Since non-veterans are not being monitored by the VA, they can take the No Credit with no penalty. This puts the veteran at a competitive disadvantage in terms of grade point average. Again, the rigidity of the regulations has crippled the veteran's educational opportunities.

The end result of Congressional pressure on the VA (to cut down on overpayments) has been hardships and handicaps for all veteran-students. The VA has used the only method they can for cutting down overpayments, which is strict interpretation of federal regulations. Unfortunately, those regulations are not equipped to deal with the wide variety of educational needs of the veteran population.

I urge you to give immediate consideration to changes to Title 38, USC, which would allow veterans more opportunities for a complete education, tailored to fit individual needs. Some specific areas of improvement might include discounting credit allowed for military training or challenge tests, discounting credit for college training prior to military service which does not fulfill requirements in the veteran's major; providing for veterans to pursue Associate and Bachelor's Degrees simultaneously, or related Associate Degrees simultaneously; providing some mechanism whereby the VA Form 4138 can in fact provide flexibility in otherwise rigid programs, and making it VA policy that Credit/No Credit will be paid unless there is evidence of demonstrated intent to circumvent VA regulations.

In the establishment of the GI Bill this country expressed its gratitude to veterans. The GI Bill offers veterans a mechanism to economically catch up

(continued)

with the rest of society. However, the regulations governing the administration of the educational benefits program have crippled its effectiveness.

As a veteran who managed to stumble through college without the guidance provided by the VA's "noose tightening", I feel I must protest the hardships and inefficiency that the current rigid VA regulations have spawned. The inflexibility of the administration is robbing many veterans of the opportunity for a rich, full education, and depriving the country of the contributions that educated veterans can provide.

Jan Raymond
Veterans Affairs Coordinator
Grossmont College
8800 Grossmont College Drive
El Cajon, CA 92020

vets HELPING vets

Colorado Veterans Outreach

State Coordinator
Larry Pinchuk - CU Boulder 492-8394
Regional Coordinators
Northeast - William Lambdin - UNC 351-2180
Southeast - Bruce Williams - USC 549-2368
Southwest - Reinaldo Abeyta - ASC 589-7971
Northwest - Steve Leary - Mesa 248-1216
Metro Denver - Glenn Martin - MSC 292-5190

Veterans Cost-of-Instruction Participating Schools

Adams State College*
Alamosa 589-7971

Aims College
Greeley 353-8008 X278

Arapahoe Community College
Littleton 794-1550 X227

Colorado Mountain College
- West Campus - Glenwood Springs 945-7481 X54
- East Campus - Leadville 486-2015

Community College of Denver
- Auraria 893-8868 X222
- North 287-3311 X271
- Red Rocks 988-6160 X245

El Paso Community College
Colorado Springs 471-7546 X266

Larimer County Vo-Tech Center
Fort Collins 493-2710 X34

Mesa College
Grand Junction 248-1216

Metropolitan State College
Denver 292-5190 X240

Morgan Community College
Fort Morgan 867-8564 X5

Otero Junior College
La Junta 384-4446

University of Southern Colorado
Pueblo 549-2368

Trinidad State Junior College
Trinidad 846-5621

University of Colorado
- Boulder 492-8394
- Colorado Springs 598-3737
- Denver 892-1117 X526

University of Northern Colorado
Greeley 351-2180

Western State College
Gunnison 943-3085

June 4, 1976

Dear President (Name):

On May 24, 1976, at the University of Colorado in Boulder, 27 school veterans' program administrators, representing 21 colleges, universities, and vocational schools in Colorado, met with officials from the Veterans Administration at the Denver Federal Center to discuss problems encountered at schools in complying with recent VA requirements for certifying G.I. Bill payments (see Attachment #1 for list of names).

The school certifying officials agreed that presidents of all Colorado colleges and vocational schools should be informed of immediate concerns, particularly the following:

(1) The Veterans Administration has decided that schools may be held liable for overpayments made to veterans and has recently begun sending notices to schools to that effect. Some notices to date total over $1 million at a single Colorado institution; most schools have received several notices and, under this VA policy, will likely receive more. Such notices may be generated by the VA any time a school requires more than 30 days to report to the VA that a veteran reduced his credit-hour load or ceased to attend classes (i.e., 30 days from the date of occurrence). Notices may also be generated any time the VA decides that a veteran, for a host of reasons, was incorrectly certified for benefits by the school.

(2) School certifying officials, working under conditions stated below, are presently unable to comply with VA requirements that have been imposed upon them by recent interpretations of VA regulations; and they have serious reservations as to whether Colorado schools should continue to certify veterans for the G.I. Bill.

(3) Limitations inherent in school record-keeping, the production of student load reports, computer systems, and so forth make it impossible for many schools, without time for planning, to provide information as rapidly as the VA requires it.

(4) Staffing and funding of school veterans' offices have not kept pace with increased responsibilities and work-loads caused by a recent avalanche of VA paperwork, the Colorado Veterans' Tuition Assistance Program, and increased veteran enrollments.

(5) Incorrect certifications, delays, and overpayments are bound to come from schools that are forced to use part-time clerks for VA work instead of professionals who are familiar with the many changes in VA policies.

(6) The VA Reporting Fee, $3.00 per year paid a school for each veteran attending ($4.00 for advance VA certification) is grossly inadequate but is the only money a school receives for certifications and all other services provided the VA.

(7) Inadequate communication, confusion, and conflicting interpretations of regulations from VA officials have left school certifying officials unsure of what policies or procedures they must adopt themselves.

The school certifying officials are aware that G.I. Bill overpayments across the country have become an issue of national concern and are as eager as VA officials to curtail abuses. They are willing to cooperate in every way possible to do this. However, they resent suggestions made by the VA and the media that the schools and student veterans are largely to blame for overpayments and should be held responsible. The VA's system of advance payments to veterans, its own computer delays, continuous payment procedures, and bureaucratic machinery lend themselves to abuses and errors. Furthermore, present VA regulations have long been in effect; but the VA has neither enforced them nor made certain that schools were aware of them. Now, suddenly, when VA officials are forced to re-interpret and strengthen their own regulations, they proceed as if it is the schools that have not enforced the regulations.

In view of these concerns, the school certifying officials respectfully submit the following recommendations:

(1) That the presidents of Colorado universities, colleges, and vocational schools determine what responsibilities for VA overpayments schools will accept and what policy changes, if any, must be made in higher education in Colorado to comply with recent interpretations of VA regulations.

(2) That the presidents of the schools assure themselves that their respective veterans' offices are staffed and funded in ways that will permit them to comply with VA requirements, avoid illegal certifications, and administer rapidly expanding services to the VA.

(3) That school certifying officials cooperate fully with the VA, continue to enforce VA regulations to the best of their ability, work with their respective schools and the VA to resolve problems, and assist veterans who may encounter difficulties because of conflicting interpretations or policies while problems are being resolved.

(4) That the Colorado State Board for Community Colleges and Occupational Education, which endorses innovative educational programs at some schools involved, examine possible conflicts of interest between itself and the Colorado State Approving Agency for Veterans Education, which comes under the State Board's jurisdiction and which discourages innovative educational programs in some cases by enforcing restrictive VA regulations.

(5) That local and national veterans' organizations be made aware of problems associated with VA certifications and encouraged to participate in the resolution of these problems. Also, that local and national professional educational organizations be made aware and similarly encouraged.

(6) That Colorado schools agree on a reasonable, future date (perhaps Fall Term, 1977) at which time their record-keeping and reporting abilities will enable them to provide the VA with timely information.

(7) Finally, that government agencies and educational organizations in America work to resolve a fundamental question: Does a multiplicity of governmental regulatory agencies and requirements disrupt higher education in America to a point where institutional autonomy and academic integrity are threatened?

This report does not attempt to state all of the concerns school certifying officials have. But the problems stated here are common to many schools throughout the nation and deserve immediate attention if the country's veterans are to receive the educational opportunities to which they are entitled.

Submitted and Endorsed by:

James A. Broughton

James A. Broughton, Colorado State Coordinator
National Association of Concerned Veterans

Thomas R. Coogan

Thomas R. Coogan, Joint Board Chairman
Colorado Association of Concerned Veterans

Lanny Pinchuk

Lanny Pinchuk, Chairman
Colorado Veterans Civic Council
Member, Board of Directors, National Association of Veterans Program Administrators, Region VIII

Luther Morgan

Luther Morgan, Member, Board of Directors
American Association of Minority Veterans Program Administrators, Region VIII

Attachment

Attachment #1

PERSONS ATTENDING MAY 24 MEETING

Louise Dice	Staff Assistant	Representative Tim Wirth
James Deal	Public Relations Director, National Association of Concerned Veterans	University of Colorado, Boulder
James C. Hudson	Special Assistant to President of National Association of Concerned Veterans	University of Northern Colorado
Betty J. Scott	Liaison Officer	Veterans' Administration, Denver Federal Center
Larry Warner	Adjudication Officer	Veterans' Administration, Denver Federal Center
Bill Hardwick	Veterans' Service Officer	Veterans' Administration, Denver Federal Center
George Lesser	Director, Veterans Affairs	University of Colorado, Boulder
Bill Lambdin	Director, Veterans Affairs	University of Northern Colorado
Lanny Pinchuk	Coordinator, Veterans' STATEWIDE OUTREACH, National Association of Veterans' Program Administrators	University of Colorado, Boulder
Bruce Williams	Director, Veterans Affairs	University of Southern Colorado
Luther Morgan	Director, Veterans Affairs	Arapahoe Community College
Len Gilmer	Coordinator, Veterans' Outreach Center	Denver Community College
Tony Trelikes	VCIP Director	University of Colorado, Denver
Corky Strandburg	Director, Veterans Affairs	University of Colorado, Denver
Jim Broughton	State Coordinator, National Association of Concerned Veterans	University of Colorado, Boulder
Steven M. Leary	Veterans' Affairs Coordinator	Mesa College
Terry W. Lynch	Director, Veterans Affairs	Metro State College
Ray C. Boggs	Financial Aid Officer	Boulder Valley Vo-Tech Center
Richard Covault	Director of Student Services	Aurora Technical Center
Ron Martin	Director, Veterans Affairs	University of Colorado, Colorado Springs
Lynda Lambert	Veterans' Affairs Officer	El Paso Community College
Jack Postalwait	Director of Student Services	San Luis Valley Vo-Tech
Jim Weaver	Director of Student Services	Emily Griffith School
Vincent J. Amanna	Coordinator Veterans Affairs	Denver Community College, North
Ralph D. Martinez	Veterans Affairs Director	Aims Community College
Joe Pelter	Assistant Coordinator, VCIP	Denver Community College, Auraria
Glenn Morris	Coordinator, Veterans' Upward Bound	Metro State College
Dominic Aspromonte	Assistant Director	San Juan Basin, Vo-Tech
Mel Cook	Director of Financial Aid and Housing, Veterans' Advisor	Otero Junior College
Bill Milensik	Counselor	Otero Junior College
Carl Roth	VCIP Director	Morgan Community College
D. Jack Pommretin	Registrar	Denver University
Joseph A. Kiely	Veterans' Representative	Denver University

UNIVERSITY OF WASHINGTON
SEATTLE, WASHINGTON 98195

Division of Admissions and Records

VETERANS' AFFAIRS COMM.
RECEIVED
JUL 02 1976
WASHINGTON, D.C. 20510

June 28, 1976

The Honorable Vance Hartke
Chairman, Senate Veterans Affairs Committee
The United States Senate
Room 313, Senate Office Building
Washington, D. C. 20510

Dear Senator Hartke:

SUBJECT: Veterans Educational Benefits and Certification

The veterans payment procedure and certification requirements are in drastic need of change. The attendance certification requirements and scholastic guidelines have become overly complex and place requirements upon institutions of higher education that cannot be satisfied without the allocation of additional financial resources. The overpayment problem is not complex and can be solved by addressing the two basic faults with the current system:

1. The veteran receives all payments in advance.

2. The entire benefit payment philosophy is based on classroom attendance.

It is recommended that benefits be paid on the basis of credits earned rather than attendance. This implies an after-the-fact payment. Attendance need not be considered, for if the student earns a specified number of credits he or she will have made satisfactory progress. We would no longer need to concern ourselves with such questions as how do we count a withdrawal grade, or what happens to an Incomplete or a Not Satisfactory grade. The veteran would be paid for the actual progress made each term. The veteran who did not complete a course would not receive benefits for the course. The current payment procedure pays benefits to the veteran for merely attending a course. There is no inherent measure of satisfactory progress. Payment based upon credits earned is the only uniform approach that measures satisfactory progress and that is easily monitored by institutions of postsecondary education.

Veterans frequently require an advance payment to get them started in their academic endeavors. The Veterans Administration could provide each veteran with a blanket advance payment that would be made once to each veteran when he or she begins attending school. That advance payment would in no way be associated with the benefits a student would receive for completing the

Senator Hartke
Page Two
June 28, 1976

first academic term. The benefits received upon completion of the first academic term would be used to assist the veteran in the second academic term. The student's final benefit payment, upon completion of the academic program, would be retained and applied to the original advance payment. Veterans who fail to complete enough credits in their last term to offset the initial advance would owe this amount to the Veterans Administration; surplus amounts would be paid to the student. No liability would exist for the educational institutions.

Educational institutions would continue to be subject to review by state approving agencies to insure that each institution offered a quality program and that credits awarded by such institutions were awarded in a manner consistent with the requirements of the appropriate accrediting association. Institutions could be held liable for falsely reporting the number of credits earned or for not reporting the number of credits earned in a timely fashion.

Large and complex institutions simply cannot keep track of student attendance. The many and varied programs offered by these institutions simply do not lend themselves to a day by day or even month by month attendance taking of veterans. In many cases the central administration of the institution does not find out that a veteran stopped attending a particular class until after the 30 or 45 day reporting period has expired. Each institution does have the capability to report on the basis of credits earned. This information is available at all institutions on a timely basis and should form the foundation for benefit payments.

Sincerely,

W. W. Washburn
Executive Director

WWW:pl

cc: President John R. Hogness
Vice President Irving Shain
Vice President Alvin Ulbrickson
Mr. John K. Gardner
Ms. Charlotte Berry
Dr. Robert G. Waldo

[FROM THE ARIZONA REPUBLIC, THURSDAY, JULY 31, 1975]

Couple takes advantage of disaster situation

By GINGER HUTTON

Mr. and Mrs. Edward Bywalec turned disaster into opportunity.

And the Veterans Administration is paying for it.

In December 1974, Bywalec joined hundreds of other Motorola workers who were sent to the streets to search for another job.

AFTER DAYS of using gasoline money he couldn't afford, hours of waiting for personnel managers to return, weeks of hearing the same old words — "Sorry, we have no openings" — and nights of wondering how his family was going to live on unemployment, Bywalec made a decision:

He would return to school.

As a former Army officer, he qualified for $388 monthly VA education benefits and, he discovered, so did his wife. She also served as an officer in the Army.

So the two of them are now attending school — Maricopa Technical College during the winter and Phoenix College in the summer. Mrs. Bywalec is working for an Associate Arts degree in business administration. Her husband aims to be an electronic technician, licensed to work in radio communications.

"This way I'll be able to get a better job than I had before," said Bywalec. "The more specialized you get the more pay you get. The schools are quite crowded now because people are going back to school after being laid off. They are realizing they need more education in order to compete for jobs."

His wife, also aiming at a good job, discovered added benefits.

"SCHOOL HELPED me be more of an individual — it gave me a better feeling about myself and made me use my brain again," she said. "I realized I hadn't stopped growing. I could still achieve and do more than clean the floor."

Both of the Bywalecs had not been students since high school, but she said she had no trouble getting into the study habit again, and finds it easier to study now.

"I always had a problem studying when I was young," he said. "It was what I did after school, not in school, that counted. Now I realize the more you learn, the more you earn.

The Bywalecs' two daughters, Laura, 7, and Marie, 11, think it's "kind of weird — everybody goes to school in this family," said Mrs. Bywalec.

BUT THEY HELP by vacuuming, doing dishes, keeping their rooms clean. And they love to compete with their parents for grades.

"My 11-year-old is a straight-A student," said Mrs. Bywalec. "When I bring home something I've flubbed out on, she says, 'Yaaa, Mama's a dummy.' "

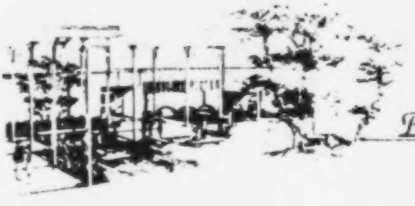
Usually, veterans are limited to taking 36 months of schooling within 10 years after they are discharged.

Mrs. Bywalec was discharged in 1964, her husband in 1965. Because of a recent extension in benefits, they have until next June to finish school. (Veteran Administration officials urge any person discharged from the service since Jan. 31, 1955, to check their eligibility at Veterans Services Offices on local college campuses.)

ALTHOUGH THEY'RE living on 2/3 of what Bywalec made at Motorola, they're managing, they said, by not going on vacation, and being more careful about what they buy.

And, in the future, when he's earning more than he ever has, Bywalec believes he and his wife will be thankful he lost his job.

"I'd probably never have gone back to school if I hadn't been laid off," he said. "And I'd never have progressed as I'm doing now."



Big Bend Community College
MOSES LAKE WASHINGTON
Office of the Director
APO New York 09111
26 August 1976

VETERANS' AFFAIRS
RECEIVED
SEP 02 1976
WASHINGTON, D.C. 20510

The Honorable Vance Hartke, Chairman
Veteran's Affairs Committee
United States Senate
Washington, D.C. 20510

Dear Senator Hartke:

Continuing educational benefits for active-duty military personnel is more critical to overseas theaters than in Continental United States. Programs are not readily available unless contracted by the military and institutions integrated into the military community.

Big Bend Community College is one such institution contracted by USAREUR, USAFE, USAF(MAC), and USN to provide, in addition to academic and vocational programs, high school completion and remedial, refresher, and deficiency programs through Va funded PREP.

Although all branches have used PREP to individual and military advantage, CINCUSAREUR and USAREUR-GED have given PREP type programs high priority and aided us in designing quality on-duty/off-duty programs, upgrading the service personnel's individual educational skills in composition, mathematics, and reading, the person's on-the-job performance, MOS performance, and the person's civilian and military credentials.

In our continuing discussions with the military, they have stressed the following benefits of PREP and other in-service education:

1. Continuing one's education is a major factor in recruiting and retaining personnel in the All Volunteer Army.

2. Providing resources for quality program at minimal cost to the lower ranks is the best alternative.

3. A neutral funding source is the best alternative.

4. Emphasis and priority in remedial programs has a significant morale factor.

In support of your legislation I encourage the following being included:

1. Continue PREP under VA sponsorship. Our relations with VA has been good.

2. Keep the cost of remedial education to the individual soldier to the minimum possible. Increasing costs decreases participation by those service personnel in greatest need.

3. Include a proposal that distinguishes between the unique needs in overseas theaters visavis the normal availability in CONUS.

4. Include a permissive section that permits space-available participation by adult dependents at reduced or no charge.

Attached is information pertinent to the Big Bend Community College program in Europe.

Sincerely,

James L. Bemis
European Project Director

9-4-76

Mr. Willie L. Lowe, Jr.
7905 San Jose Boulevard
Jacksonville, FL 32217

Sen's Chiles Hartke

U. S. Senate
Washington, D. C. 20510

Gentlemen:

I notice that one point about VA benefits mentioned by some colleges is that when a student makes a D he has passed. But, that D does not transfer to other colleges or universities, or higher level years such as moving from a junior college to a university with junior and senior years. Usually, that is because the "vet" did not apply himself, nor take advantage of the tutering available under the GI bill and only earned a D.

Thus, once a D is earned, passing the course, the vet should have to pay tuition for the same course (if needed to be taken over) out of his own pocket, not the GI bill. I am all for benefits, not abuse.

Let's look at another point, which is abused by some vets on the GI bill. They transfer from one college to another and do NOT transfer the credits gained. Thus, they may be taking some of the same courses over again (with a different number and slightly different name) which the colleges or universities should not allow them to do. But, the registrars need to know what they had at prior universities or colleges to prevent duplication. Thus, a vet should be required to transfer (get transcript to new university or college) before being allowed to register for a 2nd term, Qtr, or semester to assure that vets do not waste tax monies taking like courses over at the undergrad level.
I write you both to point out areas which need closer scrutiny to save our tax dollars yet still allow capable, responsible, studious, vets to gain and have their benefits. But, not waste time and money sitting in institutions at our tax expense which they should bear out of their own pockets.

We have way too much waste in the Federal Government. If we reduce waste, we can then afford the real programs needed.

Our entire family feels this way...all registered voters and two of us are vets. We have not personally wasted our GI bill time.

Awaiting your response and action to our letters as voting date draws near.

Sincerely, Willie Lowe

Willie L. Lowe, Jr. and Family

VETERANS' AFFAIRS [illegible]
SEP [illegible] 1976

NEWS RELEASE

Washington, D.C., October 18, 1976 -- The Council on Postsecondary Accreditation (COPA) has launched a major attack on "questionable off-campus degree programs" sponsored by accredited colleges and universities.

At its Fall Board meeting, held last week, COPA -- the national umbrella organization for nongovernmental accreditation -- unanimously passed a resolution which sharply criticized "a handful of colleges and universities" that "apparently have established off-campus degree programs that are not equivalent academically to similar programs on campus" and that "have allowed these off-campus programs to operate without adequate supervision from the sponsoring institutions."

While stressing that there are many more good than bad off-campus degree programs, COPA expressed strong concern about the disservice that "may be done to students and to society by less than adequate off-campus degree programs."

"We have received questions and complaints from state officials, federal officials, other institutions, and students," Dr. Dana B. Hamel, Chairman of COPA, said, "and there appears to be a very real problem that must be resolved."

In addressing the issue, COPA has taken three major steps:

- *Supporting the efforts of accrediting bodies to deal with this problem and to hold accredited institutions responsible for all educational programs offered under their auspices.*

- *Urging accrediting bodies to include in their accrediting practices policies that cover the problem.*
- *Establishing a COPA clearinghouse to receive and process information concerning off-campus degree programs.*

In addition, COPA announced that it has pending before a major foundation a proposal "To Develop Evaluative Criteria for the Accreditation of Nontraditional Education." This project is prepared to get underway just as soon as funding is made available.

Joining with the Council of Graduate Schools in the United States, COPA also is sponsoring a Joint Task Force on the Accreditation of Graduate Education. Among other things, this task force is concerning itself with programs offered off-campus for graduate credit.

COPA's major purpose is to support, coordinate, and improve all nongovernmental accrediting activities conducted in the United States at the postsecondary educational level. In this role, the Council works with more than 50 regional and national accrediting bodies.

"If nongovernmental accreditation is to continue to have credibility and value as an indicator of educational quality," Dr. Hamel said, "then COPA and the accrediting community must act quickly and effectively to insure that courses offered by accredited institutions are indeed of satisfactory educational quality, wherever they may be located."

(See attached statement for more details)

The Council On Postsecondary Accreditation

POLICY STATEMENT ON OFF-CAMPUS DEGREE PROGRAMS

American higher education has had a long and honorable history of providing learning opportunities through off-campus programs leading to a degree. In recent years, however, the number, size, and variety of such educational activities have grown rapidly. This phenomenon has been spurred by federal and state policies encouraging institutions to experiment with "nontraditional" delivery systems and to reach out and serve new student clienteles. It also has fed on the greatly increased demands of the military for on-base educational programs; plus the availability of dollars, for students and institutions, through the Veterans Administration's GI Bill Program. Finally, students seeking education for professional and career purposes have demanded that institutions bring learning opportunities to them, wherever they happened to be located in sufficient numbers; but some student clienteles have seemed to be more interested in credits and credentials than in education itself.

As a result of the workings of these forces, there is increasing evidence that at least a handful of colleges and universities apparently have established off-campus degree programs that are not equivalent academically to similar programs

Kenneth E. Young, President / Eugene I. Van Antwerp, Staff Associate / James M. Phillips, Staff Associate
One Dupont Circle, N.W., Suite 760, Washington, D.C. 20036 phone (202) 452-1433

on campus, and further that they have allowed these off-campus programs to operate without adequate supervision from the sponsoring institution. Among the problems that have been identified are the following:

- *Institutions with little or no experience in running off-campus degree programs have plunged into such operations.*
- *In response to demands, institutions have sponsored programs off campus for which they have no counterparts on campus.*
- *Institutions in some instances have formalized a differential standard of quality by labeling credits earned off-campus as being not acceptable on campus.*
- *Institutions have offered off-campus programs that require little or no involvement or oversight by on-campus faculty. In some instances, responsibility for the operationally separate units has been contracted out.*
- *Institutions have established satellite operations far removed from the parent campus, often crossing state and even regional boundaries.*
- *Off-campus offerings have ranged from large, relatively permanent educational units to short-term ventures consisting of one course, one faculty member hired locally, and a handful of students.*

It must be stressed that there are many more good than bad off-campus degree programs. The fact that a program is located off campus does not in any way imply that it is not of high quality. Most institutions go to great lengths to assure that all of their course offerings are of high quality. The problem situations are limited to a small number of the approximately 4,000 accredited institutions of postsecondary education in this country; however, the resulting problems are serious enough to warrant direct and immediate action. A great disservice may be done to students and to society by less than adequate off-campus degree programs -- especially when these are sponsored by accredited institutions, and the public therefore is led to believe that there is adequate assurance as to educational quality.

In order to address this issue as quickly and effectively as possible, the Council on Postsecondary Accreditation:

- *Commends the efforts of accrediting bodies to deal with this problem and lends its full support to them in holding accredited institutions responsible for all educational programs offered under their auspices. Accrediting bodies are urged to require that institutions keep them informed as to the existence and nature of all off-campus operations and to advise schools that they could lose their institutional accreditation if they fail to do so or if such operations prove to be academically sub-standard.*

- *Urges accrediting bodies, particularly the institutional accrediting organizations to include in their accrediting practices policies that cover the problem of off-campus programs. The regional commissions in particular are urged to complete work quickly on the memorandum of agreement, now under development, that will provide machinery for dealing with institutions located in one region but sponsoring satellite educational units in other regions.* (It is hoped that final agreement on procedures could be achieved by the time of COPA's Winter Invitational Conference, February 4-6, 1977).

- *Directs COPA staff to establish a National Clearinghouse, effective immediately, to receive and process information concerning off-campus-degree programs. The clearinghouse should be prepared to receive signed statements raising questions about the legitmacy*

> *and/or quality of any such operations. These statements should be forwarded to the appropriate accrediting bodies and to interested state and federal officails. COPA will expect to be notified by the accrediting bodies as to any action taken.*

COPA offers its full cooperation to state offices dealing with this matter and to concerned federal agencies, particularly the Veterans Administration and the Department of Defense. Base commanders have a direct concern and responsibility for assuring educational quality in their contracted operations. In turn, these governmental bodies are urged to work with COPA in the resolution of this problem.

It is believed that if nongovernmental accreditation is to continue to have credibility and value as an indicator of educational quality, then COPA and the accrediting community must act quickly and effectively to insure that courses offered by accredited institutions are indeed of satisfactory educational quality, wherever they may be located.

* * * * *